Elegance Commercial and Financial Printing Group Limited
精雅商業財經印刷集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8391

SHARE OFFER

Sole Sponsor

建泉融資有限公司
VBG Capital Limited

Joint Bookrunners and Joint Lead Managers

建泉融資有限公司
VBG Capital Limited

駿昇證券有限公司
Quasar Securities Co., Limited

If you are in any doubt *about any of the contents of this prospectus, you should obtain independent professional advice.*

Elegance Commercial and Financial Printing Group Limited
精雅商業財經印刷集團有限公司

(Incorporated in the Cayman Islands with limited liability)

LISTING ON GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF SHARE OFFER

Number of Offer Shares	:	**110,000,000 Shares**
Number of Public Offer Shares	:	**11,000,000 Shares (subject to reallocation)**
Number of Placing Shares	:	**99,000,000 Shares (subject to reallocation)**
Offer Price	:	**HK$0.60 per Offer Share (payable in full upon application in Hong Kong dollars, plus brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%)**
Nominal value	:	**HK$0.01 per Share**
Stock code	:	**8391**

Sole Sponsor

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VBG Capital Limited

Joint Bookrunners and Joint Lead Managers

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VBG Capital Limited

駿昇証券有限公司
Quasar Securities Co., Limited

Co-Lead Managers

Pacific Foundation

長亞證券
Longasia

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents in this prospectus.

A copy of this prospectus having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies" in Appendix V to this prospectus has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

Prospective investors of the Share Offer should note that the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement are subject to termination by the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) upon the occurrence of any of the events set forth in the section headed "Underwriting — Underwriting arrangements and expenses — Public Offer — Grounds for termination" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Should the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) terminate the Public Offer Underwriting Agreement, the Share Offer will not proceed and will lapse. Further details of these termination provisions are set out in the section headed "Underwriting" in this prospectus. It is important that prospective investors refer to that section for further details.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including but not limited to the risk factors set out in the section headed "Risk Factors" in this prospectus.

30 April 2018

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Main Board. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazette newspaper. Accordingly, prospective investors should note that they need to have access to the Stock Exchange's website at www.hkexnews.hk in order to obtain up-to-date information on companies listed on GEM.

*If there is any change to the following expected timetable of the Share Offer, we will make a separate announcement on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.elegance.hk**.*

	(Note 1) **Date**
Latest time for completing electronic applications under the **HK eIPO White Form** services through the designated website **www.hkeipo.hk** *(Note 2)*	11:30 a.m. on, Friday, 4 May 2018
Application lists of the Public Offer open *(Note 3)*	11:45 a.m. on Friday, 4 May 2018
Latest time for lodging **WHITE** and **YELLOW** Application Forms and to give **electronic application instructions** to HKSCC *(Note 4)*	12:00 noon on Friday, 4 May 2018
Latest time to complete payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Friday, 4 May 2018
Application lists of the Public Offer close *(Note 3)*	12:00 noon on Friday, 4 May 2018
Announcement of (i) the indication of the levels of interest in the Placing; (ii) the level of applications in the Public Offer; and (iii) the basis of allotment of the Public Offer Shares under the Public Offer; to be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.elegance.hk** on or before	Thursday, 10 May 2018
Results of allocation in the Public Offer will be available at **www.tricor.com.hk/ipo/result** with a "search by ID Number/Business Registration Number" on	Thursday, 10 May 2018
Announcement of results of allotment of the Public Offer (with successful applicants' identification document numbers, where applicable) available through a variety of channels as described in the paragraph headed "How to apply for the Public Offer Shares — 11. Publication of results" in this prospectus from	Thursday, 10 May 2018
Despatch/collection of share certificates and/or deposit of the share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Public Offer on or before *(Notes 7 to 8)*	Thursday, 10 May 2018

Despatch/collection of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques in respect of wholly or partially unsuccessful applications pursuant to the Public Offer on or before *(Notes 5 to 8)* . . . . .Thursday, 10 May 2018

Dealings in the Shares on GEM to commence at 9:00 a.m. on . . . . Friday, 11 May 2018

Notes:

1. In this prospectus, unless otherwise stated, all times and dates refer to Hong Kong local times and dates. Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus.

2. You will not be permitted to submit your application through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of the application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

3. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 4 May 2018, the application lists will not open or close on that day. Further information is set forth in the paragraph headed "How to apply for the Public Offer Shares — 10. Effect of bad weather on the opening of the application lists" in this prospectus.

4. Applicants who apply for the Public Offer Shares by giving electronic application instructions to HKSCC Via CCASS should refer to the paragraph headed "How to apply for the Public Offer Shares — 6. Applying by giving electronic application instructions to HKSCC via CCASS" in this prospectus.

5. e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications. Refund by cheque(s) will be made out to you, or if you are joint applicants, to the first-named applicant on your Application Form. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant provided by you may be printed on your refund cheque, if any. Such data may also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque, if any. Inaccurate completion of your Hong Kong identity card number/passport number may lead to a delay in encashment of, or may invalidate, your refund cheque.

6. Applicants who apply through the **HK eIPO White Form** service and paid their applications monies through single bank account may have refund monies (if any) despatched to their application payment bank account, in the form of e-Auto Refund payment instructions. Applicants who apply through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions to the **HK eIPO White Form** Service Provider, in the form of refund cheques, by ordinary post at their own risk.

7. Applicants who apply on **WHITE** Application Forms for 1,000,000 Shares or more under the Public Offer and have provided all information required by their Application Forms, they may collect their share certificates (if applicable) and refund cheques (if applicable) in person from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 10 May 2018. Applicants being individuals who are eligible for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who are eligible for personal collection must attend by their authorised representatives bearing a letter of authorisation from their corporation stamped with the corporation's chop. Both individuals and authorised representatives of corporations must produce, at the time of collection, identification and (where applicable) authorisation documents acceptable to the Hong Kong Branch Share Registrar.

8. Applicants who apply on **YELLOW** Application Forms for 1,000,000 Shares or more under the Public Offer and have provided all information required by Application Forms, they may collect their refund cheques (if any) but may not elect to collect their share certificates, which will be deposited into CCASS for credit to their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedure for collection of refund cheques for applicants who apply on **YELLOW** Application Forms is the same as that for **WHITE** Application Form applicants.

   Uncollected share certificates (if applicable) and refund cheques (if applicable) will be despatched by ordinary post (at the applicants' own risk) to the addresses specified in the relevant Application Forms shortly after the expiry of the time for collection at the date of despatch of refund cheque as described in the section headed "How to apply for the Public Offer Shares – 14. Despatch/collection of share certificates and refund monies" in this prospectus.

Share certificates for the Offer Shares will only become valid certificates of title to which they relate at 8:00 a.m. (Hong Kong time) on the Listing Date provided that (i) the Share Offer has become unconditional in all respects; and (ii) the right of termination as described in the section headed "Underwriting — Underwriting arrangements and expenses — Public Offer — Grounds for termination" in this prospectus has not been exercised and has lapsed. Investors who trade our Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

CONTENTS

This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer in any other jurisdiction or in any other circumstances. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. Our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made or contained in this prospectus must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers, the Underwriters, any of their respective directors, advisers, officers, employees, agents or representatives, or any other persons or parties involved in the Share Offer.

The contents of our Company's website at www.elegance.hk, which is the official website of our Group, do not form part of this prospectus.

CONTENTS

This summary aims at giving you an overview of the information contained in this prospectus and should be read in conjunction with the full text of this prospectus. As it is only a summary, it does not contain all of the information that may be important to you. You should read this prospectus in its entirely before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this summary are defined in the sections headed "Definitions" and "Glossary of Technical Terms" in this prospectus.

BUSINESS OVERVIEW

We are an established printing service provider which principally provide commercial printing and financial printing services in Hong Kong. According to the F&S Report, we had a market share of approximately 0.5%, 0.8%, 4.5%, 2.9% and 1.6% in the overall printing service industry, book printing service industry, educational textbook printing services industry, commercial printing service industry and financial printing service industry in Hong Kong respectively for the year ended 31 March 2017, and ranked second among commercial printing service providers (excluding publication printing such as textbooks) in Hong Kong in terms of revenue for the year ended 31 March 2017. Commencing our business in April 1980, we have over 38 years of experience in the commercial printing industry in Hong Kong. Our customers for commercial printing services include reputable banks, insurance companies, corporate customers and their advertising agents and fund houses in Hong Kong. In 1995, leveraging our strength and reputation in the printing industry, we expanded our business into financial printing services to listed companies and listing applicants in Hong Kong.

Our printing business can be broadly divided into three categories as follows:

(i) **Commercial printing** — we print promotional and advertising documents, such as brochures and leaflets for our commercial customers such as banks, insurance companies, corporate customers and their advertising agents and fund houses in Hong Kong. Our commercial printing services range from designing covers, layout and artwork of the documents, typesetting, printing, binding, lettershopping and/or direct mailing. In addition to printing promotional and advertising documents, some customers may require us to print secured customised data such as compliance documents for banks and insurance companies to their account or policy holders, as well as cash coupons of retails stores with coupon numbers and barcodes for identification and anti-counterfeit purposes. We also print textbooks and related educational publication for a book publisher in Hong Kong, whose materials are used in pre-primary, primary and secondary schools in Hong Kong.

(ii) **Financial printing** — we print IPO prospectuses and application forms for listing applicant customers, financial reports (such as interim reports and annual reports) and other compliance documents (such as announcements and circulars) for listed company customers. Our financial printing services range from designing the cover, layout and artwork of the documents, typesetting, translation, uploading the documents to the Stock Exchange's website, printing, and/or distribution services for listing applicants in respect of listing on the Stock Exchange and companies listed on the Stock Exchange. We also recorded a small portion of revenue for financial printing works in respect of various annual reports of unlisted companies/non-listing applicants and public institutions.

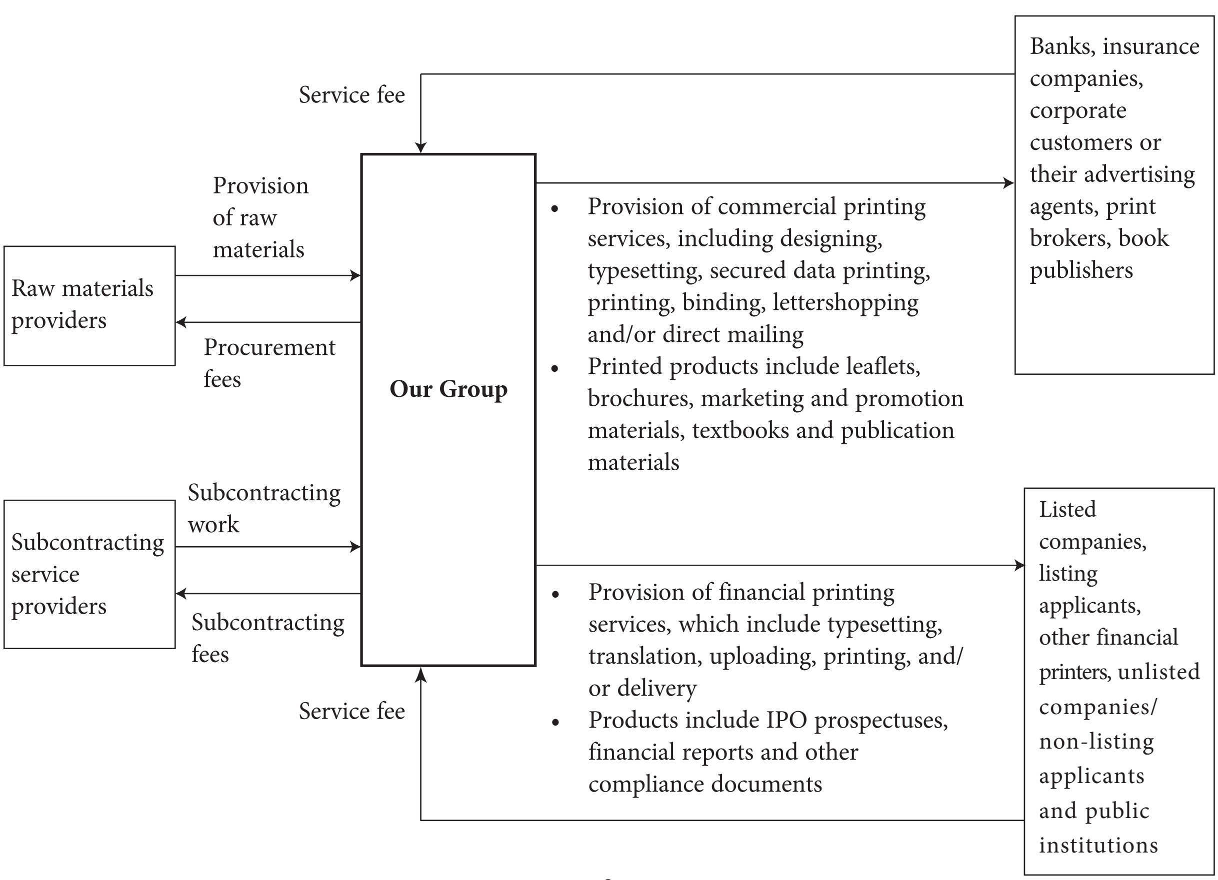
(iii) **Others** — we also provide standalone ad hoc design and artwork, and/or translation services to corporate customers (which are not related to listing matters) on a case by case basis.

Our printing business is supported by our inhouse printing production factory located at No. 8, A Kung Ngam Village Road, Shaukeiwan, Hong Kong, with a usable area of approximately 52,860.7 sq. feet and an annual production capacity of approximately 77.0 million sheets for offset printing for the year ended 31 March 2017, as well as our inhouse translation team in Hong Kong, which enables us to maintain timely and responsive printing and translation services to our commercial and financial printing customers. According to the F&S Report, our established printing facility in Hong Kong is one of our competitive advantages as compared with other market players. Please see also the paragraph headed "Production Facilities and Capacity" below.

We have established close and stable relationships for over 10 years with most of our five largest customers during the Track Record Period, which consist of reputable banks, an insurance company, a trust company, a marketing agency and a book publisher. In particular, we have established business relationship with the Hong Kong branch of one of the world's largest banking and financial services organisations serving customers worldwide for over 29 years. We place strong focus on quality control and invested in latest model of printing machines and equipment such as specialised paper-folding machines and digital printers, which enable our Group to handle sizable deals and timely delivery to our customers in relation to our direct mailing services. We are environmental conscious. According to the F&S Report, our Group was one of the first batch of printing service providers in Hong Kong to use FSC/CoC certified papers for commercial printing services.

OUR BUSINESS MODEL

The following chart summarises the business model of our Group:



During the Track Record Period and as at the Latest Practicable Date, our business primarily included provision of commercial printing services and financial printing services to our customers in Hong Kong. We have our own production base in Hong Kong to provide one-stop solutions to our customers from designing, typesetting, translation, printing, binding, lettershopping to direct mailing. For details, please refer to the section headed "Business — Our Products and Services" in this prospectus.

During the Track Record Period, save for some parts of our works as set out in the section headed "Business — Procurement and Suppliers — Suppliers and subcontractors" in this prospectus, we did not outsource any part of the production process.

Our raw materials primarily include papers and printing materials such as printing plates, ink and chemicals. For details, please refer to the section headed "Business — Procurement and Suppliers — Raw materials" in this prospectus. We also lease some of our printing machines from internationally renowned printing equipment provider(s).

Set out below is a breakdown of our revenue by services/products category during the Track Record Period:

	For the year ended 31 March				For the seven months ended 31 October			
	2016		2017		2016		2017	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* *(unaudited)*	*%*	*HK$'000*	*%*
Commercial Printing								
— Direct mailing materials	38,589	39.2	17,876	21.4	12,746	24.3	8,587	17.6
— Promotional and marketing materials	26,717	27.2	29,455	35.3	14,898	28.4	16,222	33.3
— Textbooks and related publication materials	6,855	7.0	8,728	10.4	6,955	13.3	6,523	13.4
Subtotal	72,161	73.4	56,059	67.1	34,599	66.0	31,332	64.3
Financial Printing								
— IPO prospectuses and application forms	222	0.2	4,644	5.6	1,346	2.6	2,972	6.1
— Financial reporting documents	10,755	10.9	10,467	12.5	8,159	15.6	8,063	16.5
— Compliance documents	13,466	13.7	10,124	12.1	7,409	14.1	5,088	10.4
— Works for unlisted companies/ non-listing applicants/public institutions	467	0.5	370	0.5	317	0.6	243	0.5
Subtotal	24,910	25.3	25,605	30.7	17,231	32.9	16,366	33.5
Others	1,289	1.3	1,874	2.2	587	1.1	1,062	2.2
Total	98,360	100.0	83,538	100.0	52,417	100.0	48,760	100.0

The following table sets forth a breakdown of the number of customers and price range of each service category for the periods indicated.

	Year ended 31 March				Seven months ended 31 October			
	2016		2017		2016		2017	
	No. of Customers *(Note (i))*	Price range *Approximately HK$*	No. of Customers *(Note (i))*	Price range *Approximately HK$*	No. of Customers *(Note (i))*	Price range *Approximately HK$*	No. of Customers *(Note (i))*	Price range *Approximately HK$*
Commercial Printing *(Note (ii))*								
– Direct mailing materials	22	600 to 1.2 million	26	300 to 1.2 million	20	500 to 1.2 million	19	70 to 1.1 million
– Promotional and marketing materials	143	80 to 2.2 million	159	100 to 1.2 million	105	100 to 1.2 million	101	80 to 1.5 million
– Textbooks and related publication materials	1	90 to 0.2 million	1	50 to 0.1 million	1	50 to 0.1 million	1	200 to 0.1 million
Financial Printing *(Note (ii))*								
– IPO prospectuses and application forms	1	0.2 million	3	0.3 million to 2.0 million	1	1.3 million	3	0.4 million to 2.0 million
– Financial reporting documents	64	9,000 to 0.4 million	59	9,000 to 0.3 million	54	9,000 to 0.3 million	50	11,000 to 0.4 million
– Compliance documents	82	200 to 0.5 million	71	400 to 0.6 million	60	400 to 0.6 million	61	200 to 0.4 million
– Works for unlisted companies/ non-listing applicants/ public institutions	4	12,000 to 0.1 million	4	12,000 to 0.1 million	3	12,000 to 0.1 million	3	12,000 to 0.1 million
Others *(Note (ii))*	35	100 to 0.1 million	27	200 to 0.6 million	20	200 to 0.1 million	29	200 to 0.4 million

Note (i): For customers who placed orders in more than one of the service categories, they were counted as a customer for each of such service categories.

Note (ii): For commercial printing (including direct mailing materials, promotional and marketing materials and textbooks and related publication materials), the price range is per invoice. Among financial printing, for IPO prospectuses and application forms, the price range is per revenue recognised for the year/period for that particular engagement. For financial reporting documents, compliance documents and works for unlisted companies/non-listing applications/public institutions, the price range is per job. For others, the price range is per invoice.

Note (iii): There had been wide price ranges for our services during the Track Record Period mainly due to (i) the variation in the scope of commercial printing and financial printing services provided; (ii) the urgency of the project; (iii) difference in customer's printing requirements such as the colour scheme and printing effects; and (iv) difference in the number of pages of the documents printed.

PRODUCTION FACILITIES AND CAPACITY

During the Track Record Period, our printing business was supported by our inhouse printing production factory located at No. 8, A Kung Ngam Village Road, Shaukeiwan, Hong Kong, with a usable area of approximately 52,860.7 sq. feet. The premises was leased from Global Window, which is an associate of our Controlling Shareholders.

As over 78.8%, 73.8% and 71.6% of printed documents (in terms of number of sheets) for the two years ended 31 March 2017 and the seven months ended 31 October 2017 were printed by way of offset printing through our colour press printing machines, the analysis of our production capacity and utilisation rate is based on our colour press printing machines only.

The following table sets forth the production capacity, the production volume and the average utilisation rate of our offset printing production during the Track Record Period:

	Year ended 31 March		Seven months ended 31 October
	2016	2017	2017
Estimated maximum printing capacity (sheets per annum/period, million) *(Note 1)*	107.7	77.0	47.3
Actual printing output (sheets, million) *(Note 2)*	94.3	67.1	37.8
Estimated average utilisation rate *(Note 3)*	87.6%	87.1%	79.9%

Notes:

(1) Our production capacity during the corresponding period is calculated based on a theoretical production capacity of 9,000 sheets per hour, 6 production hours per day, 285 days for each of the two years ended 31 March 2017 and 175 days for the seven months ended 31 October 2017, taking into account the downtime required for the change of printing plates and colour adjustment. The decrease in estimated maximum printing capacity was primarily due to the disposal of various printing machines.

(2) Calculated based on the actual sheets printed during the relevant period.

(3) The utilisation rate is derived on the basis of the actual production volume divided by the production capacity of the production facility during the same period of time.

(4) Since most of our printed documents were printed by way of offset printing through our colour press printing machines, the above analysis of our production capacity and utilisation rate is based on our colour press printing machines only.

OUR CUSTOMERS

During the Track Record Period, our five largest customers include leading banks in Hong Kong with international branch coverage, an internationally renowned book publisher, an insurance company, a trust company and a marketing agency. We have developed business relationship with our five largest customers during the Track Record Period ranging from one to 29 years. For the two years ended 31 March 2017 and the seven months ended 31 October 2017, our five largest customers in aggregate accounted for approximately HK$50.1 million, HK$29.2 million and HK$16.7 million, which represented approximately 50.9%, 35.0% and 34.4% respectively of our total revenue, and our largest customer accounted for approximately HK$32.3 million, HK$10.7 million and HK$6.5 million, which represented approximately 32.9%, 12.8% and 13.4% of our total revenue during the same periods.

For the two years ended 31 March 2017 and the seven months ended 31 October 2017, our five largest customers (inclusive of other members in the common group of the relevant customers) in aggregate accounted for approximately HK$58.6 million, HK$38.2 million and HK$23.0 million, which represented approximately 59.6%, 45.7% and 47.1% respectively of our total revenue, and our largest customer (inclusive of other members in the common group of customer A) accounted for approximately HK$38.9 million, HK$15.0 million and HK$6.5 million, which represented approximately 39.5%, 18.0% and 13.4% of our total revenue during the same periods.

During the Track Record Period, other than our five largest customers and among other remaining customers, sales to an insurance company and a property leasing and management company for the two years ended 31 March 2017 and the seven months ended 31 October 2017, (inclusive of other members in the common group of the relevant customers) in aggregate, accounted for approximately HK$1.4 million, HK$2.5 million and HK$2.6 million, which represented approximately 1.4%, 3.0% and 5.3% respectively of our total revenue. For further details of our largest customers, please refer to the section headed "Business — Sales and Marketing — Our Largest Customers" in this prospectus.

OUR SUPPLIERS

For the two years ended 31 March 2017 and the seven months ended 31 October 2017, our aggregate purchases from our five largest suppliers, including suppliers of paper, subcontractors for translation and post-press processing, and supplier of printing plates were approximately HK$12.4 million, HK$8.3 million and HK$4.9 million, respectively, which represented approximately 59.6%, 52.1% and 57.3% of our total purchases, respectively. During the same periods, purchases from our largest supplier were approximately HK$3.8 million, HK$2.2 million and HK$1.3 million, which represented approximately 18.3%, 14.0% and 15.8%, respectively, of our total purchases. We have maintained a business relationship ranging from two to 18 years with our five largest suppliers during the Track Record Period.

COMPETITIVE LANDSCAPE

According to the F&S Report, the commercial printing services market (excluding publication printing such as textbooks) in Hong Kong represented a relatively low market concentration in the year ended 31 March 2017, as the top five players in Hong Kong registered an accumulated share of 13.0% and our Group ranked second among commercial printing services market (excluding publication printing such as textbooks). The diverse number of downstream customers of commercial printing services in Hong Kong has resulted in the fact that no players could acquire a dominant market share. Our Group was the second largest commercial printing service provider (excluding publication printing such as textbooks) in Hong Kong in terms of revenue for the year ended 31 March 2017 with a market share of approximately 2.9%. As to financial printing services, the market (excluding unlisted companies/non-listing applicants and public institutions) in Hong Kong was highly concentrated. According to F&S report, for the year ended 31 March 2017, there were approximately 26 financial printers in Hong Kong. Meanwhile, for the year ended 31 March 2017, the top 10 financial printing service providers accounted for an aggregated market share (excluding unlisted companies/non-listing applicants and public institutions) of 89.1%. Our Group was one of the 26 financial printers in Hong Kong with a market share of approximately 1.6% in terms of revenue for the year ended 31 March 2017. However, our Group was not among the top 10 financial services providers for the year ended 31 March 2017 in terms of revenue. We believe that we possess the competitive strengths as discussed in "Business — Our Competitive Strengths" as compared with our competitors, which have enabled us to maintain our market position in Hong Kong.

Publication printing is excluded from the commercial printing services market due to industry norm. Based on the industry norm, printing services industry can be generally divided into: packaging printing (printing on packaging), publication printing (including books, newspapers, journals, magazines, etc.), commercial printing (printing products for the purpose of business communication, marketing and sales promotion) and financial printing (documents and publications for IPO). From the perspective of the whole printing services industry, it would be more accurate to separate the publication printing from commercial printing because the overlap between the two segments is small. Given the facts that the textbook printing is a relatively small sub-segment in the publication printing and the revenue generated from textbook printing for the financial year ended 31 March 2017 accounted for approximately 10.4% of the total revenue for our Group, F&S is of the view that there is no major impact to include textbook printing in commercial printing for our Group in the section headed "Business" of this prospectus, while a separate discussion of commercial printing and publication printing in "Industry Overview" section of this prospectus is still considered a fair presentation for prospective investors. The Directors concur with the view of F&S as stated above. In addition, the revenue generated during the Track Record Period from "textbooks and related publication materials" had been separately disclosed under commercial printing services in the section headed "Business" in this prospectus. As such, the Directors believe that there is no major impact on including the textbook printing in commercial printing for the Group.

COMPETITIVE STRENGTHS

We believe that our success to date and potential for future growth are attributable to our competitive strengths, which include the following: (i) long operational history and well-established reputation in printing industry; (ii) leading position in commercial printing market in Hong Kong with strong brand recognition; (iii) we have our own inhouse printing production factory and inhouse translation team in Hong Kong; (iv) we have an experienced management team with profound industry knowledge; (v) established and stable customer base with reputable customers; and (vi) well-established printing facilities and stringent quality control.

OUR BUSINESS STRATEGIES

We aim to continue to expand our market share and strengthen our market position of our business, by pursuing the following business strategies; (i) continue organic growth by solidifying existing customer relationship and developing new relationship; (ii) acquire a permanent office space for our business expansion in financial printing services; (iii) upgrade and acquire new equipment, hardware and software for financial printing services; and (iv) continue to attract and retain top talent in the industry. In particular, in view of the decline in our revenue generated from commercial printing services, we intend to recruit new sales personnel with experience in publication or financial printing industry, in order to further develop business in other area such as textbooks publication and financial printing for listing applicants. Our additional office space is also expected to provide four more conference rooms, which will enable us to engage up to around 18 IPO and financial printing projects, based on the estimation that two conference rooms are sufficient to handle six IPO and financial printing projects.

PRINCIPAL RISK FACTORS

There are certain risks involved in our operations, many of which are beyond our control. You should refer to the section headed "Risk Factors" in this prospectus for further details in respect of risks related to our business, risks related to the industry in which we operate, risks related to conducting business in Hong Kong and risks related to the Share Offer. Set out below are some of the major risks relating to our business: (i) we rely on sales to our major customers; (ii) digitalisation of information reduces the demand for printed materials which in turn may reduce the printing orders from our customers; (iii) changes in customers' preferences or spending patterns may materially and adversely affect our business; (iv) lack of major customers' consent for outsourcing works; and (v) we may not be able to implement our business development strategies or expansion plans successfully.

SUMMARY OF OUR FINANCIAL INFORMATION

We present in the following tables certain key line items in extracts of combined financial statements and key financial ratios. For more details, please refer to the section headed "Financial Information" in this prospectus.

Extract of the combined statements of comprehensive income

	Year ended 31 March		Seven months ended 31 October	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Revenue	98,360	83,538	52,417	48,760
Profit (loss) before taxation	1,108	1,979	2,104	(4,685)
Profit (loss) and total comprehensive income (loss) for the year/period attributable to owners of the Company	1,816	1,900	1,921	(5,352)
Profit and total comprehensive income for the year/period attributable to owners of the Company (excluding listing expenses) *(Note)*	**1,816**	**2,399**	**1,921**	**2,645**
Gross profit margin	24.6%	26.1%	25.1%	31.7%
Net profit margin	1.8%	2.4%	3.8%	N/A
Net profit margin (excluding listing expenses) *(Note)*	**1.8%**	**3.0%**	**3.8%**	**5.7%**

Note: This is a non-HKFRS measure. We consider the disclosure of the profit and total comprehensive income for the year/period attributable to owners of the Company (excluding listing expenses) and the net profit margin (excluding listing expenses) can provide potential investors with a better and clearer understanding of our year-to-year or period-to-period recurring the profit and total comprehensive income for the year/period attributable to owners of the Company (excluding listing expenses) net profit margin derived from our business operations.

Our revenue decreased by approximately 15.1%, from approximately HK$98.4 million for the year ended 31 March 2016 to approximately HK$83.5 million for the year ended 31 March 2017, and by approximately 6.9% from approximately HK$52.4 million for the seven months ended 31 October 2016 to approximately HK$48.8 million for the seven months ended 31 October 2017, mainly because of the decrease in orders from the largest customer of our Group for printing of direct mailing materials. Despite the decrease in revenue, we recorded a slight increase in net profit primarily due to our efforts to control cost in particular resulting in decrease in administrative and other operating expenses.

Our gross profit margin increased slightly from approximately 24.6% for the year ended 31 March 2016 to approximately 26.1% for the year ended 31 March 2017, as a result of the (i) cost control efforts, which caused the decrease in direct labour cost and production overheads of cost of service; (ii) decrease in the cost of raw materials, mainly attributable to the reduction in the use of papers, partly arising from the increase in revenue from textbooks and related publication materials, whose customer directly provided papers for production hence no paper costs were incurred for such printing services; and (iii) the decrease in depreciation charges by approximately HK$1.7 million.

For the seven months ended 31 October 2016 and 2017, our gross profit increased by approximately 17.4%, from approximately HK$13.2 million for the seven months ended 31 October 2016 to approximately HK$15.5 million for the seven months ended 31 October 2017, primarily because the decrease in overall cost of services outweighed the decrease in sales. Our gross profit margin increased from approximately 25.1% for the seven months ended 31 October 2016 to approximately 31.7% for the seven months ended 31 October 2017, mainly attributable to (i) the reduction in the production overheads by approximately HK$3.1 million, partly arising from the reduction in the subcontracting works due to the decrease in subcontracting low-end and labour intensive work; (ii) the decrease in depreciation charge by approximately HK$1.0 million; (iii) the reduction of direct labour cost by approximately HK$1.0 million arising from the reduction of the number of production staff; and (iv) the reduction of cost of raw materials by approximately HK$0.3 million since the decrease in cost of raw materials was due to the decrease in cost of printing material, which was partially set off by the increase in the cost of paper.

The above decrease in cost was offset by the decrease of sales of approximately HK$3.6 million.

Our net profit margin (defined as dividing the profit and total comprehensive income for the year/period by revenue) also increased slightly from approximately 1.8% for the year ended 31 March 2016 to approximately 3.0% for the year ended 31 March 2017 (excluding listing expenses), and from approximately 3.8% to 5.7% (excluding listing expenses) during the seven months ended 31 October 2016 and 31 October 2017 respectively. The increase in our net profit margin primarily reflected our efforts in cost control resulting in a decrease in administrative and other operating expenses coupled with the increase in gross profit margin.

Approximately HK$13.2 million and HK$3.9 million of the total listing expenses which are non-recurring in nature are expected to be charged to our combined statements of comprehensive income for the year ended 31 March 2018 and the year ending 31 March 2019 respectively. Please refer to the paragraph headed "Listing Expenses" in this section for further details of such expenses.

The following table sets out the gross profit margin by service categories during the Track Record Period:

	For the year ended 31 March		**For the seven months ended 31 October**	
	2016 (%)	**2017 (%)**	**2016 (%)**	**2017 (%)**
Commercial printing	20.4	19.8	20.8	27.1
Financial printing	34.5	36.8	32.3	38.2
Others *(Note 1)*	65.9	66.8	71.8	69.2
Gross profit margin of our Group	24.6	26.1	25.1	31.7

Notes:

1. Others include provision of standalone ad hoc design and artwork, and/or translation services to corporate customers (which are not related to listing matters) on a case by case basis. They had higher gross profits margins because of their ad hoc nature, which enabled us to charge higher prices. Items under 'Others' category had no significant effect to the overall gross profit margin of our Group.

2. Our Directors determined that we have only one operating and reportable segment, as we managed our business as a whole as the provision of integrated printing services in Hong Kong. In addition, the management and business decisions were made on such basis for our operation. Our resources, in particular our printing factory, were shared among various business functions, thus it would be impracticable for us to assess and calculate the gross profit for our different business areas, as our businesses were managed on a shared and consolidated basis. However, our Directors have, on a "best effort" basis and primarily based on revenue contributions from various business operations, arbitrarily allocated various costs included in cost of services to different business areas, in order to arrive at a rough calculation of gross profit by services/product categories.

The gross profit margin for the commercial printing service category were lower than the financial printing service category during the Track Record Period, primarily due to the financial printing service category, especially for IPO projects, generally had higher gross profit margin. In particular, the overall cost of services allocated to financial printing, which mainly consisted of typesetting and translation, is lower than the cost of services allocated to commercial printing, which mainly consisted of printing, a major item under cost of services.

For the year ended 31 March 2017 as compared to the year ended 31 March 2016, the gross profit margin for the commercial printing service category slightly decreased from approximately 20.4% to 19.8%, which was primarily due to the fact that the rate of decrease in revenue of commercial printing of approximately 22.3%, which was mainly due to the reduction of direct mailing, was slightly higher than the rate of decrease in cost of services of approximately 21.7%. The decrease in cost of services mainly arose from (i) the decrease in the cost of raw materials, mainly attributable to the reduction in the use of papers, partly arising from the increase in revenue from textbooks and related publication materials, whose customer directly provided the paper for production hence no paper costs were incurred for such printing services; and (ii) the decrease in depreciation charge. The cost of services in the financial printing service category decreased by approximately 0.9%. Combined with increase in revenue generated from financial printing by 2.8%, in particular IPO projects (i.e. from approximately HK$0.2 million to HK$4.6 million during the same periods), which gross profit margin was relatively higher, the gross profit margin for the financial printing service category instead increased from approximately 34.5% to 36.8%.

For the seven months ended 31 October 2017 as compared to the corresponding period in 2016, the gross profit margin for the commercial printing service category increased from approximately 20.8% to 27.1%, which was primarily caused by (i) the reduction in the production overheads, partly arising from the reduction in the subcontracting works due to the decrease in subcontracting low-end and labour intensive work; (ii) the decrease in depreciation charge; (iii) the reduction of direct labour cost arising from the reduction of the number of production staff; and (iv) the reduction of cost of raw materials due to the decrease in cost of printing material was partially set off by the increase in the cost of paper, and the gross profit margin for the financial printing service category increased from approximately 32.3% to 38.2% during the same period, mainly caused by the increase of revenue from IPO projects (i.e. from approximately HK$1.3 million to HK$3.0 million during the same periods).

If the other income resulted from reversal of impairment loss on amounts due from related companies/ a former related company of approximately HK$2.7 million and gain on disposal of property, plant and equipment of approximately HK$1.1 million for the two years ended 31 March 2017 respectively were excluded, the net profits of our Company would have changed from approximately HK$1.8 million and approximately HK$2.0 million for the two years ended 31 March 2017 respectively to loss of approximately HK$0.9 million and profit of approximately HK$0.9 million for the two years ended 31 March 2017, respectively.

Extract of the combined statements of financial position

	At 31 March		As at 31 October
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Net current assets	29,704	25,117	14,554
Non-current assets	55,434	43,347	37,677
Current assets	79,738	56,297	43,994
Total assets	135,172	99,644	81,671
Current liabilities	50,034	31,180	29,440
Non-current liabilities	9,743	7,419	6,313
Total liabilities	59,777	38,599	35,753

Our net current assets decreased by approximately 15.5%, from approximately HK$29.7 million as at 31 March 2016 to approximately HK$25.1 million as at 31 March 2017, primarily attributable to the decrease in bank balances and cash of approximately HK$18.9 million, decrease in bank borrowings of approximately HK$5.6 million, partly offset by a decrease in dividend payable of approximately HK$10.2 million.

Our net current assets decreased by approximately 41.8%, from approximately HK$25.1 million as at 31 March 2017 to approximately HK$14.6 million as at 31 October 2017, primarily attributable to the decrease in bank balances and cash of approximately HK$7.5 million and decrease in trade and other receivables of approximately HK$4.5 million.

Extract of the combined statements of cash flows

	Year ended 31 March		Seven months ended 31 October	
	2016	2017	2016	2017
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Operating cash inflows before movements in working capital	12,006	12,017	7,449	1,239
Net cash flows from operating activities	16,326	10,910	6,276	6,623
Net cash flows from (used in) investing activities	4,728	4,746	4,358	(71)
Net cash flows used in financing activities	(11,782)	(34,548)	(14,751)	(14,005)
Net increase/(decrease) in cash and cash equivalents	9,272	(18,892)	(4,117)	(7,453)

The net decrease in cash and cash equivalents of approximately HK$18.9 million for the year ended 31 March 2017 was primarily attributable to net cash flows used in financing activities, which was mainly related to repayment of bank borrowings and dividend payment.

Key financial ratio

The following table sets out certain key financial ratios of our Group during the Track Record Period:

	As at/for the year ended 31 March		As at/for the seven months ended 31 October
	2016	2017	2017
Current ratio[(1)]	1.6 times	1.8 times	1.5 times
Quick ratio[(2)]	1.6 times	1.7 times	1.4 times
Gearing ratio[(3)]	27.3%	22.8%	21.6%
Debt to equity ratio[(4)]	Net cash	Net cash	Net cash
Return on equity[(5)]	2.4%	3.3%	Net loss
Return on total assets[(6)]	1.3%	2.0%	Net loss
Interest coverage[(7)]	2.3 times	5.6 times	Net loss

Notes:

1. Current ratio represents total current assets divided by total current liabilities.
2. Quick ratio is calculated as the total current assets minus inventories and divided by total current liabilities.
3. Gearing ratio represents net debt (all borrowings, including finance lease obligations) divided by total equity and multiplied by 100%.
4. Debt to equity ratio is calculated by the net debt (all borrowings, including finance lease obligations, net of cash and cash equivalents) divided by the total equity as at the respective periods end and multiplied by 100%.
5. Return on equity equals profit for the period divided by total equity as at period end and multiplied by 100%
6. Return on total assets equals profit for the period divided by total assets as at the period end and multiplied by 100%.
7. Interest coverage equals profit before interest and tax divided by interest expenses for the periods.

For details, please refer to the section headed "Financial Information — Key Financial Ratio" in this prospectus.

SHAREHOLDER INFORMATION

Immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme), Mr. So and Mr. Leung (through their shareholding interest in Colorful Bay, Deep Champion and Glorytwin) will be our Controlling Shareholders indirectly and beneficially interested in 75% of our issued share capital. See the section headed "Relationship with Controlling Shareholders" for further details.

DIVIDEND

Our Group declared dividends of approximately HK$19.2 million and HK$16.1 million for the two years ended 31 March 2017, respectively. The dividend of approximately HK$19.2 million and HK$16.1 million were fully settled by May 2017 and March 2017, respectively. On 11 September 2017, an interim dividend of HK$9.7 million was declared by our Company to Glorytwin, and the payment of which had been settled in full in September 2017. The declaration, payment and amount of dividends will be at the discretion of our Directors, subject to approval by our shareholders, and will be dependent upon our earnings, financial conditions, cash requirements and availability, future prospects, contractual restrictions, applicable laws and provisions and other relevant factors. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations. There is no assurance as to the amount of dividend payment, if any, or the timing of any dividend payment. We do not currently have dividend policy or intention to pay dividend.

LISTING EXPENSES

In preparation of the Listing, we incurred listing expenses for the services rendered by professional parties. Our Directors estimate the total listing expenses to be borne by our Group would be approximately HK$25.0 million. During the year ended 31 March 2017 and the seven months ended 31 October 2017, we incurred listing expenses of approximately HK$0.5 million and HK$8.0 million respectively. We expect to incur additional listing expenses of approximately HK$16.5 million (based on the offer price of HK$0.60 per Share) after the Track Record Period. Of the total listing expenses of approximately HK$25.0 million, approximately HK$0.5 million was charged to our combined statements of comprehensive income for the year ended 31 March 2017, approximately HK$13.2 million and HK$3.9 million are expected to be charged to our combined statements of comprehensive income for the year ended 31 March 2018, and year ending 31 March 2019 respectively, and approximately HK$7.4 million directly attributable to the issue of the Offer Shares is expected to be accounted for as a deduction from equity. Our Directors would like to emphasise that such cost is a current estimate for reference only, and the final amount to be recognised in our combined statements of comprehensive income or to be capitalised is subject to adjustment based on audit and the subsequent changes in variables and assumptions. Our results of operations for the year ended 31 March 2018 is expected to be adversely affected by the non-recurring listing expenses in connection with the Listing. Hence, our Group is expected to be loss making for the year ended 31 March 2018, taking into account such non-recurring listing expenses.

Potential investors should note that the financial performance of our Group for the year ended 31 March 2018 is expected to be materially and adversely affected by the non-recurring listing expenses mentioned above.

RECENT DEVELOPMENT

After the Track Record Period and up to 31 March 2018, we had secured material new sales orders from new customers in the total amount of approximately HK$5.9 million, and four new IPO projects with an aggregate contract value of approximately HK$4.2 million. One IPO project was brought forward from the Track Record Period.

Upon Listing, for the revenue trend of commercial printing, based on the organic growth of revenue generated from Customer B for commercial printing (mainly for textbooks and publication) during the Track Record Period, and in view of the expected increase in the capability of sourcing customers from commercial printing due to the expansion of our sales team, we also expect an increase in revenue from commercial printing services, in particular for textbook and publication, shall our expansion plan be materialised.

Upon Listing, for the revenue trend of financial printing, in view of the potential five new IPO projects expected to be sourced by the three new sales personnel to be recruited during the year ending 31 March 2019, whom are expected to have experiences in financial printing industry and be responsible mainly in sourcing clients for financial printing services, we also expect to have new and significant customers from financial printing services (mainly IPO projects), thus we also expect an increase in revenue from financial printing.

In June 2017, the Stock Exchange launched a consultation in respect of its proposal to change its rules for the GEM which seek to address recent market and regulatory concerns regarding the quality and performance of applicants to, and listed issuers on, GEM. It is proposed by the Stock Exchange in its consultation paper that, among others, applicants who apply transfer from GEM to Main Board are required to issue a "prospectus-standard" listing document instead of merely publishing relevant announcements and circulars for shareholders' meetings (where applicable). The conclusion of the relevant consultation was issued in December 2017, which most of the proposed amendments were adopted and has become effective on 15 February 2018. Our Directors are of the view that, the amendments to the transfer application from GEM to Main Board may create a new business opportunity of our Group in respect of the financial printing services for listing documents of the transfer applications.

The following table sets out the details of our revenue, gross profit, gross profit margin and operating cash flows before movements in working capital for the two years ended 31 March 2018.

	For the year ended 31 March	
	2017	**2018**
	HK$'000	*HK$'000*
	(audited)	(unaudited)
Revenue	83,538	80,593
Gross profit	21,803	25,534
Gross profit margin	26.1%	31.7%
Operating cash inflows before movements in working capital	12,017	1,490

The decrease in revenue for the year ended 31 March 2018 when compared to the corresponding period last year was mainly attributable to the decrease in sales of Customer A, which was partly set off by the increase in sales of other customers. In spite of the decrease in sales, the increase in gross profit and gross profit margin was mainly due to the decrease in depreciation, direct labour cost and subcontracting costs.

The significant decrease in cash inflows before movements in working capital for the year ended 31 March 2018 when compared to the corresponding period last year was mainly due to the write-off of the listing expenses amounting to approximately HK$13.2 million.

Our Group's unaudited accounts for the year ended 31 March 2018 has been reviewed by our Group's reporting accountants, Mazars CPA Limited, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Subsequent to the Track Record Period and up to the Latest Practicable Date, we continued to focus on provision of commercial printing and financial printing services with our business model remained unchanged, and have been awarded four contracts for financial printing services for IPO prospectus and application forms with an aggregate value of approximately HK$4.2 million. As at the Latest Practicable Date, we had five IPO projects on hand, one of which listing application had been submitted and was still active, whereas the remaining four IPO projects had not yet submitted the listing application. Based on the unaudited management accounts of our Group for the eleven months ended 28 February 2018, we recorded a growth in gross profit (primarily due to a lower amount of depreciation recorded and better cost control efforts implemented despite a decrease in revenue) as compared with the corresponding period in 2017, and it is expected that our gross profit margin for the year ended 31 March 2018 will be higher than that of the year ended 31 March 2017.

Our Directors confirmed that, up to the date of this prospectus, (i) there had been no material adverse change in the general economic and market conditions, legal and regulatory environment, and the industry in which we operate that had materially and adversely affected out Group's financial or operating position since 31 October 2017, being the date to which our latest audited financial statements were prepared; (ii) there had been no other material adverse change in the operating and financial positions or prospects of our Group since 31 October 2017; and (iii) save for the non-recurring listing expenses mentioned above, no event had occurred since 31 October 2017 which would materially affect the information shown in the Accountants' Report set forth in Appendix I to this prospectus.

KEY SHARE OFFER STATISTICS

Offer size:	25% of the enlarged share capital of our Company (without taking into account any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme)
Offer Price per Share:	HK$0.60
Number of Offer Shares:	110,000,000 Shares (comprising 99,000,000 Placing Shares and 11,000,000 Public Offer Shares, subject to reallocation)
Board lot:	4,000 Shares
Market capitalisation *(Note 1)*	HK$264.0 million
Unaudited pro forma adjusted net tangible assets of the Group attributable to owners of the Company per Share *(Note 2)*	HK$0.22

Notes:

1. The calculation of our market capitalisation upon completion of the Share Offer is based on the assumption that 440,000,000 Shares will be in issue immediately following the completion of the Share Offer and the Capitalisation Issue, but without taking into account any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme.

2. The unaudited pro forma adjusted net tangible assets of the Group attributable to owners of the Company per Share is calculated after the adjustments referred to in the paragraph headed "Unaudited Pro Forma Financial Information" in Appendix IIA to this prospectus and on the basis of a total of 440,000,000 Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue, but without taking into account any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme.

FUTURE PLANS AND USE OF PROCEEDS

Net proceeds of the Listing, after deducting underwriting commission and other expenses relating to the Listing payable by our Company, based on an Offer Price of HK$0.60 per Share, is expected to be approximately HK$41.0 million. Our Company presently intends that the net proceeds from the Share Offer will be applied as follows:–

- approximately 3.7%, representing approximately HK$1.5 million, will be used to continue organic growth by solidifying existing customer relationship and developing new relationship;

- approximately 90.2%, representing approximately HK$37.0 million, will be used to acquire a permanent office space for our business expansion in financial printing services, of which:

  (a) approximately HK$35.5 million will be used for payment of the purchase price, including the associated transaction costs such as commission, stamp duty and legal costs;

(b) approximately HK$1.5 million will be used for payment of renovation costs; and

- approximately 6.1%, representing approximately HK$2.5 million, will be used to upgrade and acquire new equipment, hardware and software for financial printing services.

In order to substantiate the growth of our financial printing services, with aggregate revenue amounted to approximately HK$25.6 million for the year ended 31 March 2017, and with reference to the quotation, payment milestone date and average life span of the IPO projects we secured during the Track Record Period and up to the Latest Practicable Date, our Directors are of the view that (i) five new IPO projects on top of the IPO projects on hand are required to be secured in order to reach the expected growth of revenue from IPO projects for the year ending 31 March 2019; and (ii) the number of customers for financial printing services, in particular for financial reporting documents and compliance documents, might be increased due to the recruitment of experienced sales staff and their marketing effort, as well as the conversion of some of the IPO customers into listed company customers for financial printing documents and compliance documents once these IPO customers are successfully listed.

For details, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

LOSS ESTIMATE FOR THE YEAR ENDED 31 MARCH 2018

Estimated combined loss attributable to owners of the Company *(Note)* .... not more than HK$9 million

Note: The bases on which the above loss estimate has been prepared are summarised in Appendix IIB to this prospectus. Our Directors have prepared the estimated combined loss attributable to owners of the Company for the year ended 31 March 2018 based on the audited combined results of our Group for the seven months ended 31 October 2017, the unaudited combined results based on management accounts of our Group for the five months ended 31 March 2018.

The estimated combined loss attributable to owners of the Company for the year ended 31 March 2018 has taken into account the expected listing expenses incurred for the year ended 31 March 2018 of approximately HK$13.2 million. The estimated combined profit (excluding listing expenses) attributable to owners of the Company for the year ended 31 March 2018 is not less than HK$4.2 million. For details, please refer to the section headed "Waiver from Strict Compliance with the GEM Listing Rules and Exemption from Strict Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance" in this prospectus.

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings:

"Apperson International"	Apperson International Company S.A., a limited company incorporated in the BVI on 6 November 1992, which is wholly-owned by Mr. So
"Application Form(s)"	**WHITE** application form(s), **YELLOW** application form(s) and **GREEN** application form(s) or, where the context so requires, any of them to be used in connection with the Public Offer
"Articles"	the amended and restated articles of association of our Company, conditionally adopted on 19 April 2018 to become effective upon the Listing Date, and as amended from time to time, a summary of which is set out in "Appendix III — Summary of the constitution of the Company and the Cayman Islands Company Law" to this prospectus
"associate(s)" or "close associate(s)"	has the meaning as defined under the GEM Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors
"Business Day"	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for normal business to the public
"BVI"	British Virgin Islands
"CAGR"	compound annual growth rate
"Capitalisation Issue"	the allotment and issue of 329,999,999 Shares to our Shareholders to be made upon the capitalisation of certain sum standing to the credit of the share premium account of our Company as referred to in the paragraph headed "A. Further Information about our Group — 3. Written resolutions of our Shareholders passed on 19 April 2018" in Appendix IV to this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant

"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
"China" or "PRC"	the People's Republic of China which shall, for the purpose of this prospectus, exclude Hong Kong, Macau and Taiwan
"Ching Art Production"	Ching Art Production Limited（精雅製作有限公司）(formerly known as Ching Art Printing Limited（精雅印刷有限公司）and changed to its current name on 20 February 1987), a limited company incorporated in Hong Kong on 12 December 1986, which is indirectly wholly-owned by Mr. So
"Colorful Bay"	Colorful Bay Limited（彩貝有限公司）, a limited company incorporated in the BVI on 20 December 2016, which is wholly-owned by Mr. So. Colorful Bay is a Controlling Shareholder of our Company
"Co-Lead Managers"	Pacific Foundation and Long Asia
"Companies Law" or "Cayman Companies Law"	the Companies Law (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"Companies (Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies Registry"	the Companies Registry of Hong Kong

"Company" or "our Company"	Elegance Commercial and Financial Printing Group Limited（精雅商業財經印刷集團有限公司）(formerly known as Elegance Group Limited（精雅集團有限公司）and changed to its current name on 18 July 2017), a company incorporated in the Cayman Islands on 24 January 2017 as an exempted company with limited liability and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 7 August 2017
"connected person(s)" or "core connected person(s)"	has the same meaning ascribed thereto under the GEM Listing Rules
"Controlling Shareholders"	has the meaning ascribed thereto in the GEM Listing Rules and in the case of our Company, means Mr. So, Mr. Leung, Colorful Bay, Deep Champion and Glorytwin
"Deed of Indemnity"	the deed of indemnity dated 19 April 2018 entered into by each of our Controlling Shareholders in favour of our Company (for itself and as trustee for its subsidiaries), the particulars of which are set out in the paragraph headed "E. Other information — 3. Tax and other indemnities" in Appendix IV to this prospectus
"Deed of Non-competition"	the deed of non-competition dated 19 April 2018 entered into by each of our Controlling Shareholders in favour of our Company (for itself and as trustee for and on behalf of our subsidiaries) as further detailed in the section headed "Relationship with Controlling Shareholders" in this prospectus
"Deep Champion"	Deep Champion Limited（湛冠有限公司）, a limited company incorporated in the BVI on 20 December 2016, which is wholly-owned by Mr. Leung. Deep Champion is a Controlling Shareholder of our Company
"Director(s)"	the director(s) of our Company
"Elegance Document Solutions"	Elegance Document Solutions Limited（精雅綜合科技文件處理有限公司）(formerly known as Cheer Comfort Limited（時康福有限公司）and Elegance Document Solution Limited（精雅綜合科技文件處理有限公司）and changed to its current name on 28 June 1999), a limited company incorporated in Hong Kong on 30 September 1998 and is an indirect wholly-owned subsidiary of our Company

"Elegance Finance Printing Services HK"	Elegance Finance Printing Services Limited (精雅財經印刷有限公司) (formerly known as Ita Style Limited and changed to its current name on 2 March 1995), a limited company incorporated in Hong Kong on 15 December 1994, and is an indirect wholly-owned subsidiary of our Company
"Elegance iMedia Marketing"	Elegance iMedia Marketing Limited (精雅互動市場推廣有限公司) (formerly known as Konyu Tai International Limited (廣源泰國際有限公司), HR Elegance Marketing Limited (雅賢市場推廣有限公司) and Elegance Communications Limited (精雅傳訊有限公司) and changed to its current name on 11 February 2008), a limited company incorporated in Hong Kong on 26 January 1998, which was wholly-owned by an Independent Third Party as at the Latest Practicable Date
"Elegance Integration"	Elegance Integration Limited (精雅科技有限公司) (formerly known as Elegance Integration Limited and changed to its current name on 18 August 2004), a limited company incorporated in Hong Kong on 10 November 1999, which was wholly-owned by Independent Third Parties as at the Latest Practicable Date
"Elegance International Holding BVI"	Elegance International Holding Limited (精雅國際控股有限公司), a limited company incorporated in the BVI on 1 April 2008, which is indirectly owned as to 90% by Mr. So and directly owned as to 10% by Mr. Leung
"Elegance Printing Group BVI"	Elegance Printing Group Limited (精雅印刷集團有限公司), a limited company incorporated in the BVI on 1 April 2008, which is a direct wholly-owned subsidiary of Elegance International Holding BVI, which in turn is indirectly owned as to 90% and 10% by Mr. So and Mr. Leung, respectively
"Elegance Printing HK"	Elegance Printing Company Limited (精雅印刷有限公司), a limited company incorporated in Hong Kong on 15 April 1992 and is an indirect wholly-owned subsidiary of our Company
"Elegance Printing Holding BVI"	Elegance Printing Holding Limited (精雅印刷控股有限公司), a limited company incorporated in the BVI on 8 February 2017 and is a direct wholly-owned subsidiary of our Company
"Elegance Printing Services Holding BVI"	Elegance Printing Services Holding Limited (精雅印刷服務控股有限公司), a limited company incorporated in the BVI on 14 February 2017 and is a direct wholly-owned subsidiary of our Company

"F&S"	Frost & Sullivan International Limited, an independent market research and consulting company and an Independent Third Party
"F&S Report"	the industry report prepared by F&S and commissioned by our Company, a summary of which is set out in the section headed "Industry Overview" in this prospectus
"GDP"	gross domestic product
"GEM"	GEM of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
"Global Window"	Global Window Limited (世窗有限公司), a limited company incorporated in Hong Kong on 28 July 2000, which is owned as to 100% by Elegance International Holding BVI (which is in turn indirectly owned as to 90% and 10% by Mr. So and Mr. Leung, respectively)
"Glorytwin"	Glorytwin Limited (冠雙有限公司), a limited company incorporated in the BVI on 20 December 2016 and is a Controlling Shareholder of our Company
"**GREEN** Application Form(s)	the application form(s) to be completed by **HK eIPO White Form** Service Provider
"Group", "our Group", "we" or "us"	our Company and its subsidiaries or any of them at the relevant point of time (including where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the present subsidiaries of our Company)
"**HK eIPO White Form**"	the application for issue of Public Offer Shares in the application's own name by submitting applications online through the designated website at **www.hkeipo.hk**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by our Company, as specified on the designated website at **www.hkeipo.hk**
"HK$" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKEx"	Hong Kong Exchanges and Clearing Limited

"HKFRS"	the Hong Kong Financial Reporting Standards (including the Hong Kong Accounting Standards, amendments and interpretations) issued by the Hong Kong Institute of Certified Public Accountants
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HKSAR"	the Hong Kong Special Administrative Region of PRC
"Hong Kong Branch Share Registrar"	Tricor Investor Services Limited, our Hong Kong branch share registrar and transfer office
"Independent Third Party(ies)"	a person or persons or a company or companies which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is not or are not a connected person(s) (within the meaning ascribed under the GEM Listing Rules) of our Company
"IPO"	initial public offering(s)
"Joint Bookrunners and Joint Lead Managers"	collectively, VBG and Quasar Securities
"Latest Practicable Date"	21 April 2018, being the latest practicable date for ascertaining certain information prior to the printing of this prospectus
"Listing"	the listing of the Shares on GEM
"Listing Date"	the date, expected to be on or about Friday, 11 May 2018, on which dealings in the Shares first commence on GEM
"Listing Division"	the Listing Division of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Long Asia"	Long Asia Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activities, appointed as one of the co-lead managers of the Share Offer
"Macau"	the Macau Special Administrative Region of PRC

"Main Board"	the stock market operated by the Stock Exchange prior to the establishment of GEM of the Stock Exchange (excluding the options market) and which continues to be operated by the Stock Exchange in parallel with GEM of the Stock Exchange
"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of our Company conditionally adopted on 19 April 2018 to become effective upon the Listing Date and as supplemented, amended or otherwise modified form time to time
"Mr. Leung"	Mr. Leung Shu Kin (梁樹堅), an executive Director of our Company. Mr. Leung is also a Controlling Shareholder of our Company
"Mr. So"	Mr. So Wing Keung (蘇永強), the Chairman, an executive Director and Chief Executive Officer of our Company. Mr. So is also a Controlling Shareholder of our Company
"Mr. Wong"	Mr. Wong Kin Pong (黃建邦), a member of our senior management
"Ms. Wong"	Ms. Eugenia Wong (黃懿君), a member of our senior management and a shareholder of 15% of the shareholding interest of Teamco Translation, which is a subsidiary of our Group
"Nomination Committee"	the nomination committee of the Board
"Offer Price"	HK$0.60 per Offer Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), at which the Offer Shares are to be subscribed pursuant to the Share Offer
"Offer Shares"	collectively, the Placing Shares and Public Offer Shares
"Pacific Foundation"	Pacific Foundation Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 9 (asset management) regulated activities, appointed as one of the co-lead managers of the Share Offer
"Perfect Logistics"	Perfect Logistics Limited (無國界物流有限公司) (formerly known as Multi Rainbow International Limited (萬虹國際有限公司) and changed to its current name on 17 January 2005), a limited company incorporated in Hong Kong on 13 October 2004, which was owned as to 87% by Elegance International Holding BVI and 13% by Mr. So

"Placing"	the conditional placing of the Placing Shares by the Placing Underwriter on behalf of our Company, for cash at the Offer Price, as further described under the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Placing Shares"	the 99,000,000 new Shares being offered by our Company for subscription at the Offer Price under the Placing (subject to reallocation as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus)
"Placing Underwriters"	the underwriters of the Placing who are expected to enter into the Placing Underwriting Agreement to underwrite the Placing Shares
"Placing Underwriting Agreement"	the conditional underwriting agreement related to the Placing expected to be entered into, amongst others, our Company, our Controlling Shareholders, our executive Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Placing Underwriters on or about Monday, 7 May 2018
"Predecessor Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as in force from time to time before 3 March 2014
"Public Offer"	the conditional offer of the Public Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price on and subject to the terms and conditions stated in this prospectus and in the Application Forms as further described in the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Public Offer Shares"	the 11,000,000 new Shares (subject to reallocation) initially being offered by our Company for subscription in the Public Offer, as described under the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Public Offer Underwriters"	the underwriters of the Public Offer whose names are set out in the section headed "Underwriting — Public Offer Underwriters" in this prospectus
"Public Offer Underwriting Agreement"	the underwriting agreement relating to the Public Offer entered into by our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Joint Bookrunners, Joint Lead Managers and the Public Offer Underwriters on 27 April 2018, details of which are set forth in the section headed "Underwriting" in this prospectus

"Quasar Securities"	Quasar Securities Co., Limited, a licensed corporation under the SFO permitted to engage in type 1 of the regulated activities (as defined under the SFO), acting as one of the Joint Bookrunners and the Joint Lead Managers of the Share Offer
"Remuneration Committee"	the remuneration committee of the Board
"Reorganisation"	the corporate reorganisation of our Group in preparation for the Listing, particulars of which are set out in the section headed "History, Reorganisation and Corporate Structure — Reorganisation" in this prospectus
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) with a nominal value of HK$0.01 each in the share capital of our Company
"Shareholder(s)"	holder(s) of the Share(s)
"Share Offer"	the Public Offer and the Placing
"Share Option Scheme"	the share option scheme conditionally approved and adopted by our Company on 19 April 2018, the principal terms of which are summarised in the section headed "D. Share Option Scheme" in Appendix IV to this prospectus
"Sole Sponsor"or "VBG"	VBG Capital Limited, a licensed corporation to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO, acting as the sole sponsor to the Listing, and one of the Joint Bookrunners and Joint Lead Managers of the Share Offer
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it under the GEM Listing Rules, unless the context otherwise requires
"Substantial Shareholder(s)"	has the same meaning as defined in the GEM Listing Rules
"Takeovers Code"	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time

"Teamco Translation"	Teamco Translation Limited（天高翻譯有限公司）(formerly known as Well Done Resources Limited（瑞豪資源有限公司）and changed to its current name on 27 February 1998), a limited company incorporated in Hong Kong on 28 November 1997 and is an indirect non-wholly-owned subsidiary of our Company
"Track Record Period"	the two financial years ended 31 March 2017 and the seven months ended 31 October 2017
"Underwriters"	the Public Offer Underwriters and the Placing Underwriters
"Underwriting Agreements"	the Public Offer Underwriting Agreements and the Placing Underwriting Agreement
"United States" or "U.S."	the United States of America
"USD", "US dollars" or "US$"	United States dollar(s), the lawful currency of the United States
"**WHITE** Application Form(s)"	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant's or applicants' own name(s)
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who require(s) such Public Offer Shares to be deposited directly into CCASS
"€"	Euro, the lawful currency of the member states of the European Union
"%"	per cent

All dates and times in this prospectus refer to Hong Kong time unless otherwise stated.

No representation is made that any amounts in US$ or HK$ can be or could have been converted at the related dates at the above rates or any other rates or at all. Unless otherwise stated, the conversion of US$ into HK$ in this prospectus is based on the exchange note of US$1.00 to HK$7.80.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

In this prospectus, if there is any inconsistency between English names and their Chinese translations, the English names shall prevail. The Chinese translation of the names in English or another language which are marked "" are translations provided for identification purpose only.*

This glossary of technical terms contains definitions of certain terms used in this prospectus in connection with the business for our Group. As such, some terms and definition may not correspond to standard industry definitions or usage of these terms.

"bronzing"	a printing and finishing procedure in which a size, or adhesive ink, is printed, then dusted with a metallic powder on by hand, or by a bronzing machine to produce the appearance of metallic printing
"computer-to-plate" or "CTP"	the process of taking an electronic file and outputting it directly onto a printing plate
"die-cutting"	the use of sharp steel rules to cut shapes out of text sheets or caseside and limpbound covers (i.e., a book bound with a paper cover) for pop-up books, advertising materials or other printing products
"digital output colour proofing"	producing the colour proof directly from a digital file, without having to produce film
"digital printing"	the printing technology which prints directly on paper based on a digital-based image
"digital proof"	a proof made directly from a digital file
"eSS"	e-Submission System, the Internet-based information submission and dissemination system established and operated by Hong Kong Exchanges and Clearing Limited, which may be used by listed issuers and/or their representatives, to among others, transmit information, communication or other materials to Hong Kong Exchanges and Clearing Limited for the purpose of publication on the Exchange's Website
"e-book(s)"	electronic book(s)
"e-Submission"	submission through the eSS
"FSC/CoC"	Forest Stewardship Council — Chain of Custody Standards Certificate
"lamination"	the process through which paper and film are bonded together
"offset printing"	a widely used printing technology where the image is firstly transferred from the image carrier (i.e. printing plate) to the blanket cylinder and then to paper

"post-press"	a term used in the printing industry for the processes and procedures that take place after the printing, which include processes such as cutting, folding, assembling, embossing, vanishing and binding
"pre-press"	a term used in the printing for the processes and procedures that take place between the creation of a print layout and the final printing
"printing plate"	a plate used in printing processes which is made of aluminium, on which the image is put through photomechanical, photochemical or laser processes
"secured data printing"	printing of documents issued by banks or insurance companies involving confidential or personally customised data
"sq. feet"	square feet
"Stock Exchange's Website"	the official website of the Hong Kong Exchanges and Clearing Limited, being www.hkexnews.hk, which is used for publishing issuer's regulatory information
"UV"	Ultra Violet

This prospectus contains forward-looking statements reflect the current view of our Company with respect to future events and are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- our business and operating strategies and our various measures to implement such strategies;
- the capital expenditure plans;
- the amount and nature of, and potential for, future development of our Group's business;
- our operations and business prospects, including development plans for our existing business;
- the dividend policy;
- the projects under planning;
- the regulatory environment and industry outlook in general;
- changes in policies, legislation, regulations or practices in the industry and those countries or territories in which we operate that may affect our business operations;
- our financial conditions and results of operations;
- changes in economic conditions and competitions in the area in which we operate, including a downturn in general economy;
- the future development in the competitive markets of our industry and actions of our competitors;
- catastrophic losses from fires, floods, wind; and
- other factors beyond our control and other risks and uncertainties described in this prospectus, including, without limitation, under the sections entitled "Risk Factors", "Industry Overview", "Business", and "Financial Information".

The words "aim", "anticipate", "believe", "could", "estimate", "expect", "forecast", "going forward", "intend", "may", "ought to", "plan", "potential", "project", 'seek", "should", "will", "would", "wish" and similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflecting our Group's current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. One or more of these risks or uncertainties may materialise, or underlying assumptions may prove incorrect.

Subject to the requirements of the applicable laws, rules (including the GEM Listing Rules) and regulations, our Company does not intend to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way our Company expects, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

In this prospectus, statements of or references to the intentions of our Company or any of our Directors are made as of the date of this prospectus. Any such intentions may potentially change in light of future developments.

Prospective investors should consider carefully all the information set out in this prospectus and, in particular, the risks and special considerations in connection with an investment in our Company described below before making an investment decision in relation to the Share Offer. The occurrence of any of the following events may have a material adverse effect on the business, financial condition, results of operations and future prospects of our Group. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment. The trading price of the Offer Shares may decline considerably due to occurrence of any of these risks and investors could lose all or part of their investment.

This prospectus contains certain forward-looking statements regarding our plans, objectives, expectations and intentions which involve risks and uncertainties. Our Group's actual results could differ materially from those discussed in this prospectus. Factors could cause or contribute to such differences include those discussed below as well as those discussed elsewhere in this prospectus.

RISKS RELATED TO OUR BUSINESS

We rely on sales to our major customers

Sales to our five largest customers accounted for approximately 50.9%, 35.0% and 34.4% respectively of our revenue for the two years ended 31 March 2017 and the seven months ended 31 October 2017. In particular, sales to our largest customer accounted for approximately 32.9%, 12.8% and 13.4% of our revenue for the two years ended 31 March 2017 and the seven months ended 31 October 2017 respectively. The above figures did not include sales to the other group members of our relevant five largest customers.

Sales to our five largest customers on group basis (inclusive of other members in the common group of the relevant customers) in aggregate, accounted for approximately 59.6%, 45.7% and 47.1% respectively of our revenue for the two years ended 31 March 2017 and the seven months ended 31 October 2017. In particular, sales to our largest customer on group basis (inclusive of other members in the common group of largest customer) in aggregate, accounted for approximately 39.5%, 18.0% and 13.4% of our revenue for the two years ended 31 March 2017 and the seven months ended 31 October 2017 respectively.

During the Track Record Period, other than our five largest customers and among other remaining customers, sales to an insurance company and a property leasing and management company on group basis (inclusive of other members in the common group of the relevant customers) in aggregate, accounted for approximately 1.4%, 3.0% and 5.3% of our revenue for the two years ended 31 March 2017 and the seven months ended 31 October 2017 respectively.

In the event that we cease to be an approved supplier of any of these customers, there is no assurance that the other group member(s) of such customer will continue to place the same volume of jobs to us, or at all. Thus, our operations and financial performance may be adversely affected if we cease to be their approved supplier.

In general, our master contracts (if any) with our customers do not set out any minimum purchase amount, so our five largest customers and other customers are therefore not obligated in any way to continue to place orders with us at the same historical level or at all. Accordingly, the volume of purchase orders from our major customers may vary significantly from time to time, and it may be difficult to forecast the number and amount of future orders. If any of them (and/or the other group members of our major customers) were to substantially reduce the volume and/

or the value of the orders it places with us or were to terminate its business relationship with us, there can be no assurance that we will be able to obtain orders from new customers or other existing customers on comparable volume and/or prices. As such, our operations and profit margin may be adversely affected.

Digitalisation of information reduces the demand for printed materials which in turn may reduce the printing orders from our customers. As a result, our business and financial performance may be affected

With increased digitalisation of information, the narrowing of the digital divide and improved access to digital information, both the supply of and demand for electronic information will impact the demand for printed materials and media. As the internet and hardware, including among others, desktop computers, laptop computers, electronic readers, e-book readers, electronic notebooks and tablet form devices become more accessible and popular, the demand for physical "hardcopy" printed materials will be reduced and replaced by demand for "softcopy" content which is disseminated electronically. As consumer preferences and trends shift towards electronic media and platforms and the popularity and sales of products such as e-book readers and electronic tablet devices increase, our Group's customers, including banks, insurance companies and book publishers, etc. may decide to transfer or increase distribution of their content on such digital mediums and reduce the usage of print media. Apart from the advancement of technology, the growing awareness towards environmental protection has also contributed to the increasing use of electronic materials in place of printed materials, such as promotional materials and financial documents, which poses a threat to the traditional paper-based printing business.

During the Track Record Period, we experienced a reduction in orders for printing of direct mailing materials from Customer A who was the largest customer of the Group which our Directors believe, was partly due to digitalisation of information. Our revenue of printing direct mailing materials decreased by approximately 53.6%, from approximately HK$38.6 million for the year ended 31 March 2016 to approximately HK$17.9 million for the year ended 31 March 2017, and by approximately 32.3% from approximately HK$12.7 million for the seven months ended 31 October 2016 to approximately HK$8.6 million for the seven months ended 31 October 2017. In such event, our Group's business and financial performance are adversely affected.

Changes in customers' preferences or spending patterns may materially and adversely affect our business

Our success depends, to a considerable extent, on our ability to continue to anticipate, identify and respond to the changing market trends and customer demands in a timely manner by, for example, improving our existing service quality, and expanding our scope of services. Currently, our major categories of printed documents of commercial printing services for our customers include direct mailing materials, promotional and marketing materials, textbooks and related publication materials, while our financial printing services primarily cover IPO prospectuses, application forms, annual reports, interim reports and other compliance documents. There is no assurance that we will be able to continue to develop or launch services which are appealing to or popular amongst our customers or successfully meet their constantly changing demands in future. It is difficult for us to accurately track our customers' consumption pattern and effectively plan our marketing, procurement and production in response to changing market trends or consumer demands. Our failure to effectively anticipate, identify or respond to the changing market trends or consumer demands could adversely affect the level of acceptance by customers and competitiveness of our services, which in turn could materially and adversely affect our business, results of our operations and prospects.

In addition, our business is susceptible to adverse changes in customers' spending patterns due to, for example, wider use of electronic publication leading to an overall decrease in use of print materials, deterioration of economic conditions, economic uncertainty, inflation or increasing unemployment rate, which could materially and adversely affect our business, results of operations and prospects.

IPO projects are engaged on a project-by-project basis and we may not be able to secure new customers for IPO projects

During the Track Record period, our Group had five IPO projects. For IPO projects, we provide typesetting, translation, printing and delivery services in relation to IPO prospectuses for company applying for listing in Hong Kong and such services to our customers are provided on a project-by-project basis and we do not have long-term agreements with them. Accordingly, they have no obligation to re-engage us in future projects. We cannot guarantee that we will be successful in securing sufficient number of customers to maintain our existing financial performance. Our success in securing new customers depends on a number of factors, including our marketing strategies, quality of our products, market demand for our products and services and level of competition in the industry, some of which are beyond our control. Accordingly, we may not be able to secure new customers and therefore lead to unfavourable fluctuations in our operations and financial performance in the future.

Lack of major customers' consent for outsourcing works

Pursuant to the terms of the contracts with various customers, we are restricted from subcontracting to other party and/or conducting the relevant works outside Hong Kong, without the prior written consent of the relevant customers. During the Track Record Period and prior to September 2017, we had not obtained such consent before engaging some of the subcontractors for the above works. Pursuant to the relevant agreements, the relevant customers may be entitled to remedies including seeking for loss/damages/refund and termination of the respective agreements with us. As at the Latest Practicable Date, we had not received any notification or demand letter of the relevant customers for a claim of losses or damages or termination of agreement/business relationship as a result of such possible breaches. The revenue contribution of the customers of which contracts have been breached is approximately HK$49.4 million, HK$30.1 million and HK$16.1 million for the two years ended 31 March 2017 and the seven months ended 31 October 2017, respectively, while the revenue derived from the orders involved in the incident is approximately HK$9.7 million, HK$9.0 million and HK$3.1 million respectively, which is calculated on individual job basis. For details, please refer to the section headed "Business — Procurement and Suppliers — We may be in breach of contracts with certain customers for subcontracting" in this prospectus.

There is no assurance that the relevant customers will not claim for loss/damages/refund or terminate the respective agreements. In addition, there is no assurance that the relevant customers will not cease business relationship with our Group as a result of such possible breach. We may suffer negative publicity and damage to our reputation as a result of the possible breach, which may in turn impair our ability to attract new customers and retain existing customers. In such event, our business, results of operations and prospects would be materially and adversely affected. For the year ended 31 March 2017, revenue derived from the relevant customers which contracts have been breached was approximately HK$30.1 million. If they do not place the same quantum of orders with us for the subsequent financial year, our Directors estimate the loss of revenue to our Group in one financial year would be up to HK$30.1 million.

We may not be able to implement our business development strategies or expansion plans successfully

The successful implementation of our Group's business strategies is subject to various uncertainties and contingencies, such as continued growth of the provision of commercial printing and financial printing services, availability of funds, competition and government policies. Factors such as delay in the delivery of raw materials, labour disputes, compliance with laws and regulations, delays in securing requisite government approvals, economic downturn or changes in market conditions, may delay or impede the implementation of our Group's business strategies. Any delay or failure to successfully implement our Group's business strategies could result in the loss or delay in sales, increase in financing costs, and failure to meet profit and earning projections, any of which may adversely affect our Group's business, operational results and financial condition.

Our business is susceptible to fluctuations of purchase costs for raw materials, and such fluctuations may materially and adversely affect our profitability and results of operations. We do not have long-term contracts with our suppliers and we may encounter interruptions in the supply of raw materials

Our profitability depends to a large extent on our ability to anticipate and react to changes in the purchase costs of our principal raw materials. Our total cost of raw materials accounted for approximately 21.0%, 17.6% and 21.9% of our total cost of services for the two years ended 31 March 2017 and the seven months ended 31 October 2017, respectively. The major raw materials used in our production are paper, printing plates and printing ink, with paper as our principal raw materials, representing approximately 72.8%, 63.5% and 64.9% of our cost of raw materials for the two years ended 31 March 2017 and the seven months ended 31 October 2017 respectively. The source of paper which we purchased was mainly from the PRC, Japan, South Korea, Indonesia and Europe. The paper price in these countries could be affected by various factors beyond our control, which include, among others, weather conditions, tree harvest conditions, respective local policies as well as market competition. Both our paper cost per unit and our total purchase cost of paper may increase in the future. During the Track Record Period, the unit cost of paper had increased starting from the year ended 31 March 2017. For illustrative purpose only, if our paper costs increased or decreased by 5% during the Track Record Period, with all other variables held constant, our profit for the years ended 31 March 2016 and 31 March 2017 would have decreased or increased by approximately HK$0.6 million and HK$0.4 million, or approximately 33.3% and 20%, respectively, and our loss for the seven months ended 31 October 2017 would have increased or decreased by approximately HK$0.2 million, or approximately 3.8%.

Should there be any significant increases in the paper price, and our Group is unable to pass on such increased costs to our customers, our business and profitability may be adversely affected. Please refer to the section headed "Financial Information — Principal Factors Affecting our Results of Operations and Financial Conditions — Cost of raw materials" for sensitivity analysis of change in paper prices to our profits before taxation during the Track Record Period.

The availability and costs of our principal raw materials can fluctuate and is subject to factors beyond our control such as natural disasters, general economic conditions and government regulations, and our suppliers may be affected by factors such as rising labour costs and other expenses which may be passed onto their customers resulting in higher costs for goods and services supplied to us. We have not entered into any long-term contracts with our suppliers. There is no assurance that any of our suppliers will not cease supplying any raw materials, or raw materials of the required quantities and/or quality, to our Group, or increase the prices of raw materials. Any unexpected shortage or delay in the delivery of the required raw materials by our suppliers may result in the interruption in our production. There is no assurance that we will be able to accurately anticipate and react to the changes in the supply and demand and hence the prices of our principal raw materials, or that we will be able to pass the increased purchase costs of our raw materials to our customers. Should we fail to do so, our business, results of operations and prospects would be materially and adversely affected.

We may need additional capital to fund the expansion plan and growth in the future, which we may not be able to obtain on acceptable terms, or at all

We may need additional capital to fund our capital expenditure associated with our expansion plan such as the proposed acquisition of office premises for the expansion of our spaces for financial printing conference rooms and lounges. There is no assurance that we will generate sufficient cash flow from our operating activities for our intended expansion plans. In the event we do not have such operating cash flow, we will need to obtain alternative financing. There is no assurance that we will be able to obtain adequate financing on acceptable terms, or at all. Our ability to obtain additional capital on acceptable terms will be subject to a variety of uncertainties, including:

- investor perceptions of and appetite for securities of companies engaged in the printing business;
- conditions in the capital and financial markets in which we may seek to raise funds;
- our future cash flows, financial condition and results of operations; and
- economic, political and other conditions in Hong Kong and the rest of the world.

We may be required to scale back our planned capital expenditures, which may adversely affect our ability to achieve economies of scale and implement our planned growth strategy. If we raise additional funding, our interest and debt repayment obligations will increase. The terms of any future debt facilities may also impose restrictive covenants that may restrict our business and operations or result in dilution of shareholding of our Shareholders in the case of equity financing. Our inability to raise additional funds in a timely manner, or at all, and on terms favourable to us may have a material adverse effect on our financial condition, results of operations and prospects.

We are subject to the risk of system failure caused by unexpected network interruptions, security breaches, attack by hackers or computer virus, and business interruption due to natural or manmade disasters

Our business operation depends significantly on the reliability of our management information system which computerises and integrates our key operation functions. However, there is no assurance that we will successfully maintain the satisfactory performance, reliability, security and availability of our information technology infrastructure. Such failure may be caused by unexpected network interruptions, security breaches, attacked by hackers or computer virus.

Further, our operation may also be interrupted if any of the production sites or information technology infrastructure suspends operations due to the occurrence of events such as fires, floods, hardware and software failures, black out, telecommunication failure, terrorist attacks or other natural or manmade disasters.

If any of the events mentioned above occurs, our business operation may be disrupted for an indefinite period of time, thereby damaging our reputation and materially and adversely affecting our business.

We intend to apply a significant portion of the net proceeds from the Share Offer to acquire office premises, the value of which may possibly depreciate, and the acquisition may impair our return on total assets, return on equity, Shareholders' investment return and valuation of our Company

Our existing office for financial printing services is located at Shun Tak Centre, Sheung Wan with a gross floor area of approximately 7,500 sq. feet. The premises is currently leased by us from an Independent Third Party, and the lease is going to expire in May 2019. We intend to apply a significant portion of the net proceeds from the Share Offer to acquire additional office premises for use as conference rooms and lounges for financial printing services.

We plan to apply approximately HK$37.0 million or approximately 90.2% of the net proceeds from the Share Offer for the acquisition of an additional office premises with a gross floor area of approximately 2,000 to 3,000 sq. feet depending on the overall suitability, market climate and actual purchase cost. For details, please refer to the section headed "Business — Our Business Strategies — Acquire a permanent office space for our business expansion in financial printing services" in this prospectus.

The value of the office premises may possibly depreciate, and the acquisition may impair our return on total assets, return on equity, Shareholders' investment return and valuation of our Company. Our annual rent for the existing office for financial printing services is approximately HK$5.2 million, which may not be comparable to the depreciation and mortgage loan repayment for the permanent office space. In addition, by utilising the net proceeds to acquire office premises, due to limited funds, our Group may have to give up other available investment options that could yield higher investment returns. With the new capital from the Share Offer which will enlarge our assets base and equity base, the returns on equity and return on total assets contributed by the abovementioned permanent office space may not reach the same level of our historical return on equity and return on total assets during the Track Record Period. As such, following the Listing, our return on total assets and return on equity may be lowered.

In addition, there is a risk that at the time of our purchase, the purchase price is at the peak of a commercial property market cycle and subsequent downward adjustment of market price may be quick and substantial. In such a case, an impairment on the carrying amount of the premises may be necessary and may result in a material adverse effect to our financial results. Further, after the acquisition of the office premises, its carrying amount may represent a substantial proportion of our total assets and the depreciation of the value of the office premises may also adversely affect the valuation of our Company, which in turn will impair our Shareholders' investment return.

We may be subject to claims in connection with industrial accidents at our inhouse printing production factory including employees' compensation claims and common law personal injury claims, and our insurance coverage may not adequately protect us against certain risks

Due to the nature of our operations, we are subject to the risks of our employees being exposed to industrial-related accidents at our premises. During the Track Record Period and up to the Latest Practicable Date, we settled one employees' compensation proceedings and one intended common law claim in relation to a work-related injury incident which occurred in January 2015, and that we processed/settled seven incidents of work-related injury claims in addition to the above case. In general, industrial-related personal injury claims are brought under the Employees' Compensation Ordinance (Chapter 282 of the laws of Hong Kong) and in common law. For further details, please refer to the section headed "Business — Occupational Health and Safety" in this prospectus.

We cannot assure that industrial accidents, whether due to malfunctions of machinery or other reasons, will not occur in the future at our factory or office and that any compensation to be paid by us will be fully covered by our insurance policy. Under such circumstances, we may be subject to employees' compensation claims, common law personal injury claims and/or administrative penalty, and if we are found to be liable and a substantial amount of damages was awarded by the court against us or substantial amount of penalty is imposed by the governmental authority on us and the insurance coverage maintained by us is not able to cover such payment, we may have to pay out of our own resources for any uninsured loss, damages and liabilities. As a result, our business, financial condition results of operations and reputation may be adversely affected.

We have previous incidents of non-compliance with the laws and regulations. Any enforcement action against us or the directors or the management members of any of our Group members may adversely affect our business and reputation

Our Group did not fully comply with certain legal and statutory requirements in Hong Kong during the Track Record Period including: (i) Factories and Industrial Undertakings Ordinance and (ii) Factories and Industrial Undertakings (Safety Management) Regulation. Pursuant to the relevant laws and regulations, the possible legal consequences and maximum liability include payment of fines and/or sentences of imprisonment of the directors or management members of our relevant Group members. Please refer to the section headed "Business — Regulatory Compliance" in this prospectus for further details of these incidents, possible legal consequences, maximum financial impacts and the rectification measures taken by us. If any of the government agencies takes enforcement action against us for these non-compliance incidents, we may be ordered to pay fines and/or other penalties, incur legal costs arising from any successful legal action against us or the directors or the management members of our Group members and may result in business disruption and/or negative media coverage, which could adversely affect our business, results of operations and reputation.

Our business operation is subject to the risk of infringement of third party intellectual property rights

As more particularly described in the section headed "Regulatory Overview — (F) Intellectual Property" in this prospectus, under the Copyright Ordinance (Chapter 528 of the laws of Hong Kong), a person may incur civil liability for "secondary infringement" if that person possesses, sells, distributes or deals with a copy of a work which is, and which he knows or has reason to believe to be, an infringing copy of the work for the purposes of or in the course of any trade or business without the consent of the copyright owner.

As the materials we print are provided by our customers, there is no assurance that our business operations do not or will not inadvertently infringe the copyright or other intellectual property rights of third parties or become a party to such dispute. All materials provided by our customers to us for printing may be subject to copyright or other legal protections. The exact determination of the scope of copyright or other intellectual property rights can be very complex. In the event of any intellectual property rights disputes between our customers and the owners of the relevant intellectual property right, we may become a party to such disputes. Intellectual property disputes may last for a significant period of time and require considerable personnel and financial resources. If the outcome of such a legal dispute is adverse to us, we could be ordered to pay substantial licence fees, royalties and/or damages. Any infringement of third-party copyrights or other intellectual property rights, or any lawsuits relating thereto, could have a material adverse effect on our results of operations and reputation.

We may fail to protect the personal information and confidential information of our customers or the information of their customers, which may expose us to claims, litigation or other legal proceedings brought by our customers

We receive and maintain certain personal and transaction information of our customers or the information of their customers when they place orders with us, in particular for our commercial printing services which cover secured data printing. Our Group has also routinely handled important, confidential and price-sensitive information of our financial printing customers. Our Group has adopted stringent procedures for all our employees to ensure strict adherence of confidentiality of our customers and to protect the integrity and confidentiality of the information that our Group handles. There is no assurance that the procedures can completely eliminate misstatement or leakage of confidential information of our customers. If our security network is breached and such information is as a result stolen or obtained by unauthorised persons, we may then be subject to claims, litigation or other legal proceedings brought by our customers or negative press coverage. Should any of such events take place, our reputation and brand image may be negatively affected and our management may be distracted from the running of our business and incur unforeseen losses and expenses which may arise from such claims, litigation or other legal proceedings.

Our business operations may be adversely affected by difficulties in recruiting, motivating and retaining skilled labour, and the increasing labour costs

We believe that hiring, motivating and retaining suitable employees continue to be an integral part of our success as a printing company. Highly service-oriented and skilled individuals are in short supply and competition for such employees is intense. If we are unable to recruit, motivate and retain a sufficient number of skilled employees at reasonable costs, our printing process may be delayed and service quality may be deteriorated, which may materially and adversely affect our business and results of operations.

Our business and results of operations may also be adversely affected by the increasing labour costs in Hong Kong. For the two years ended 31 March 2017 and the seven months ended 31 October 2017, direct labour costs for production accounted for approximately 35.3%, 37.4%, and 38.1% respectively, of our cost of services. In the future, staff costs may continue to increase significantly due to intense competition for skilled labour and additional legislation which may be enacted by the Hong Kong government authority to increase the minimum wages or to increase the employers' obligations to pay for employee benefits and welfare. Any significant increases in direct labour costs and our failure to pass on the increased cost burden to the customers could have a material adverse effect on our business, financial condition and results of operations.

Unsatisfactory performance by our subcontractors or unavailability of subcontractors may adversely affect our operations and profitability

During the Track Record Period, our Group subcontracted part of the translation work to individual freelance translators and translation companies, and subcontracted certain parts of our work to certain subcontractors. We have not entered into any master contract with them, and engage them on a project-by-project basis. For the two years ended 31 March 2017 and the seven months ended 31 October 2017, our total subcontracting fees represented approximately 8.5%, 8.2% and 3.9%, respectively, of our costs of services for the same period. For details, please refer to the section headed "Business — Procurement and Suppliers — Suppliers and subcontractors".

There is no guarantee that we will be able to monitor or manage such service providers' quality as directly and efficiently as our own staff. If our subcontractors fail to meet our requirements, it may adversely affect our reputation, business and results of operations.

Our Group has not entered into any long-term agreement with these subcontractors. As a result, there is no assurance that these subcontractors will continue to provide services to us or will not increase their fees in the future. In the event that (i) these service providers are not available to provide the required services to our Group; or (ii) there is any substantial increase in their fees, and replacement cannot be found, we may face increase in our costs and may not be able to deliver our services to our customers promptly, and may adversely affect our reputation, business and results of operations.

The final billing to the customers, in particular for financial printing services, with the additional service fees may vary and there may be potential dispute with customers

The final documents are generally different from the specification as set forth in the agreements, especially the number of pages and the quantity of printed documents. In addition, it is not uncommon for customers to request for additional items such as additional colour pages, overseas courier, overtime services and urgent printing services. Since the additional service fee for additional services, which are charged according to the fee schedules stated in the contracts or pre-agreed with its customers, cannot be ascertained until the completion of respective projects, the final billing to the customers with the additional items and services may differ significantly from the original contract sum as stated in the agreement with original specification.

It is our general policy that, prior to rendering the additional services requested by our customers, our sales personnel will obtain the consents and/or written confirmation from the customers for charging such additional services based on list of prices for additional services as set out in the initial service agreements and/or initial quotations. However, we cannot assure you that our customers will not raise any dispute over our final billing. Any prolonged period of such dispute may adversely affect our cash flows and result of operations.

We currently do not own the property on which we carry out our business, and we are exposed to the risks associated with the commercial real estate rental market

Rental expenses (recorded as operating lease charges for premises) accounted for approximately 11.3%, 14.1% and 13.9%, respectively, of our total revenue for the two years ended 31 March 2017 and the seven months ended 31 October 2017. As at the Latest Practicable Date, the properties occupied by us for our printing factory and office for financial printing services were leased from our Controlling Shareholders and an Independent Third Party, respectively. The expiry date of the tenancy agreement for our printing factory and the office for financial printing services are 31 March 2020 (with an option for us to renew for another three years) and 31 May 2019, respectively. Accordingly, we are susceptible to the rental fluctuation from time to time. In the event that there is any significant increase in the rental expenses for our existing leased property, our operating expenses and pressure on our operating cash flows will increase, thereby materially and adversely affecting our business, results of operations, financial position and prospects.

In addition, there is no assurance that we will successfully renew the tenancy agreements for the relevant premises on commercially acceptable terms, or at all. There is also no assurance that such tenancy agreements will not be terminated before its expiration. Termination of our leases may occur beyond our control, such as breaches of agreements by the lessor of the premises. In such cases, we may need to relocate to another location and additional costs would be incurred, adversely affecting our results of operations.

We rely on third-party logistics service providers to deliver printed products

During the Track Record Period, the delivery of our printed products was usually carried out by third party logistics companies which are responsible for any loss or damage to the printed documents during delivery, and we do not maintain insurance for that. There is no assurance that the third party logistics companies have sufficient insurance coverage for our printed documents delivered by them, if at all. In addition, our customers may bring liability claims against us if there is loss or damage to our printed documents during delivery or damages incurred from untimely delivery. Any such claims, regardless of whether they are ultimately successful, may cause us to incur litigation costs, harm our business reputation and disrupt our operations. If any such claims are ultimately successful, we may be required to pay substantial damages, materially and adversely affecting our business, results of operation and financial condition.

In addition, there can be no assurance that we can continue or extend relationships with our current logistics service providers on terms acceptable to us, or that we will be able to establish relationships with new logistics service providers to ensure accurate, timely and cost-efficient delivery services. If we are unable to maintain or develop good relationships with logistics service providers, it may affect our ability to offer products, on a timely basis, or at prices acceptable to us, which would adversely affect our business, profit margins and results of operations.

We may not be able to secure the continued service of our key management personnel

The development of our business is, to a large extent, attributable to the contribution of our management. Our executive Directors and members of senior management have in general over 20 years of experience in our industry. For details of our Directors and senior management, please refer to the section headed “Directors and Senior Management” in this prospectus. There is no guarantee that such key management personnel would continue to serve our Group. There could be an adverse impact on our results of operations and financial performance should any of these senior management personnel terminate the service agreement with our Group or otherwise cease to serve our Group.

We are exposed to risks of obsolete and slow-moving inventory which may adversely affect our financial position

The amount of our inventory as at 31 March 2016, 31 March 2017 and 31 October 2017 was approximately HK$1.9 million, HK$1.9 million and HK$1.8 million, respectively. For the two years ended 31 March 2017 and the seven months ended 31 October 2017, our inventory turnover days was approximately 57.2 days, 64.7 days and 55.4 days, respectively and no inventory has been written off during the Track Record Period.

The demand for our commercial printing services and financial printing services are highly dependent upon our customers' demand and the market condition, which are beyond our control. In addition, our financial printing services and commercial printing services are rendered on contract-by-contract or order-by-order basis and we did not enter into any long-term contracts with our customers during the Track Record Period and up to the Latest Practicable Date. After completion of the current contracts or orders, our customers are not obliged to re-engage us for any further printing work.

Therefore, there is no assurance that we will be engaged by any potential customers in the future nor that our current customers will re-engage our services following completion of our current orders or contracts. If we fail to secure sufficient purchase orders or contracts from our customers in the future, the volume of obsolete and slow-moving inventory, in particular the raw materials, may increase and we may need to either write off or sell off such inventory at a lower price. Consequently, our financial position and results of operations may be materially and adversely affected.

We may fail to collect our trade receivables timely and in full

For commercial printing services, we generally receive payments from our customers following completion of the relevant purchase orders. For financial printing services, we receive payments from our customers in accordance to the terms of our agreements, which is in general by stages for the handling of listing related documents and upon completion of the projects for the handling of compliance related documents.

During the Track Record Period, we have generally granted a credit period of seven to 60 days to our customers to settle the invoices. Accordingly, we generally have incurred costs and expenses at the time of issuing our invoices and prior to settlements by our customers. As at 31 March 2016, 31 March 2017 and 31 October 2017, our trade receivables past due amounted to approximately HK$5.3 million, HK$6.7 million, and HK$4.5 million respectively, representing approximately 6.7%, 11.9%, and 10.2% of our total current assets as at the respective dates. For the two years ended 31 March 2017 and seven months ended 31 October 2017, our trade receivables turnover days were 61.7 days, 63.9 days and 50.2 days, respectively. For the two years ended 31 March 2017, nil and approximately HK$16,500 of trade receivables were written off respectively. For the seven months ended 31 October 2016 and 2017, approximately HK$16,500 and nil of the trade receivables were written off respectively. No guarantee can be given by us in relation to the recovery of our trade receivables on a timely manner or in full. In the events that our customers fail to settle the invoices in full or on a timely manner, our profitability, cash flow, and financial position could be adversely affected.

We may not be able to sustain or improve our profit margins in the future

For the two years ended 31 March 2017 and the seven months ended 31 October 2017, our gross profit margins were approximately 24.6%, 26.1% and 31.7% respectively. For the same period, our net profit margins (excluding listing expenses) were approximately 1.8%, 3.0% and 5.7% respectively. Factors affecting our profit margins include, among others, the types of products, selling prices of our products, staff costs, operation costs of our production facilities, costs of raw materials and market competition, etc. There is no assurance that we will be able to maintain or increase the profit margins of our products at a similar level in the future. In the event that we are unable to maintain or improve our profit margin, our profitability and results of operations may be adversely affected.

Our business and operating results may fluctuate due to seasonal and other factors

Our business and results of operations may fluctuate from time to time due to various factors, including but not limited to increased competition, reduced orders from customers due to their internal reasons and seasonal factors. Our business experienced seasonal fluctuations during the Track Record Period. Our sales in general is higher during the period from March to April, and in July. For details, please refer to the section headed "Business — Sales and Marketing — Seasonality" in this prospectus. In the event that there is any adverse change in the market conditions in the peak seasons, our business and results of operations may be adversely affected.

Unauthorised use of our brand names by third parties, and the expenses incurred in developing and preserving the value of our brand names, may adversely affect our business

Our brand names are critical to our success. As at the Latest Practicable Date, we were the owner of one trademark registered in Hong Kong, which is material to our business. Unauthorised use of our brand name by third parties may adversely affect our business and reputation. We rely on trademark law, company brand name protection policies and agreements with our employees and business partners and others to protect the value of our brand name. We cannot assure you that procedures we took will provide effective prevention for unauthorised third party use of our brand name.

Based on our Company's enquiry, certain entities are using the same name "Elegance" or "精雅" as their corporate name. These entities (other than our subsidiaries and Ching Art Production) are Independent Third Parties. If any action taken by/against these entities has a negative impact on the "Elegance" or "精雅" brand name, or any negative publicity is associated with any of these entities, our reputation, business, growth prospects, results of operations and financial condition may be materially and adversely affected.

In addition, we currently own the exclusive right to three domain names containing or relating to our company name and brands, which are material to our operation. We may be unable to prevent third parties from acquiring and maintaining domain names that infringe or otherwise decrease the value of our brand name, trademarks and other proprietary rights. Failure to protect our domain names could adversely affect our reputation and brand image, and make it more difficult for users to find our websites. In addition, we may not be able to complete relevant new trademark registration. Third parties may obtain intellectual property rights in the future and claim that our Group's brands infringe their intellectual property rights. Future litigation could also result in substantial costs and diversion of our resources, and could adversely affect our business, financial condition and results of operations.

We have limited insurance coverage

We maintain insurance in respect of our production facilities and our inventories, employees' compensation insurance, fire insurance and public liability insurance for our premises and our vehicles. There is no assurance that our insurance coverage would be sufficient to cover all our potential losses. In particular, we do not maintain product liability insurance or key person insurance for any member of our senior management team. For further details on the insurance policies we maintain, please see the section headed "Business — Insurance" in this prospectus.

In the event that our insurance policies cannot sufficiently compensate for our losses sustained as a result of damage to items covered or howsoever incurred, we would have to pay for the difference ourselves and our cash flow and liquidity could be adversely affected.

RISKS RELATED TO THE INDUSTRY IN WHICH WE OPERATE

We may not be able to upgrade our technologies to meet our customers' demands, which in turn may affect our business and financial performance

Constant refinements to colour press printing machines for offset printing and related machineries, and the introduction of new technologies are continually improving the quality, productivity, safety, speed, reliability and energy efficiency within the printing industry. The ability to print faster and more cost effectively offers printing services providers a competitive edge. Technological improvements and increases in the level of automation, not only in the printing process but also in the pre-press and post-press production stages, offers users cost savings on raw materials, time and labour and reduces human error while enhancing the quality of the products. In the event that our Group is not able to upgrade its technologies to meet customers' demands, our business and financial performance may be adversely affected.

We face intense competition in the printing industry and we may not be successful in competing against our competitors

According to the F&S Report, the commercial printing services market (excluding publication printing such as textbooks) in Hong Kong represented a relatively low market concentration in the year ended 31 March 2017, as the top five players in Hong Kong registered an accumulated share of approximately 13.0%. A large number of small and middle-sized companies in the downstream in Hong Kong has resulted in the fact that no players could acquire a dominant market share. As to financial printing, the market in Hong Kong was highly concentrated. According to F&S report, in the year ended 31 March 2017, there were approximately 26 financial printers in Hong Kong. Meanwhile, for the year ended 31 March 2017, the top 10 financial service providers accounted for an aggregated market share (excluding unlisted companies/non-listing applicants and public institutions) of approximately 89.1%. We are therefore expected to face intense competition with our competitors in the industry.

In the future, our competitors may have advantages in terms of technology, cost structure, greater scale, higher flexibility and better resources than our Group. We cannot assure you that we will be able to continue to compete successfully in our existing markets. A number of factors, including an increase in operational efficiency, adoption of competitive pricing strategies, expansion of operations or adoption of innovative marketing methods of our competitors may have a material adverse effect on our business, results of operations and financial position.

There is no assurance that our competitors will not offer their services at more competitive prices than ours and as a result, market competition will be intensified. Intense competition may exert pressure on the price and profitability of our printing services and there is no assurance that we will be able to continue to effectively compete against such competitors in terms of service offering and quality, pricing, customer services, sales coverage, delivery schedule, scale, production capacity and technological expertise. Should we fail to compete successfully in the future, our results of operations and prospects will be materially and adversely affected.

The operation of a factory in Hong Kong is subject to stringent safety and environmental protection regulations which can increase the operating costs of the business

The operation of a printing factory in Hong Kong is highly regulated under Hong Kong laws. We are required to comply with a number of legislations, including safety and environmental protection regulations. For details, please refer to the section headed "Regulatory Overview" in this prospectus. There can be no assurance that the requirements for obtaining relevant licences in Hong Kong will not become more stringent or that we will be able to comply with the relevant regulations or even be able to renew the existing licences in a timely manner or at all.

Any failure by us to comply with the existing regulations, or any future legislative changes, could result in our Group incurring significant compliance costs or expenses or result in the assessment of damages, imposition of fines against us or a suspension of any part of our business, which could materially and adversely affect our Group's financial condition and results of operations. Our Group may have to incur more costs in complying with any changing laws and regulations in relation to the safety and environmental protection standards.

We may be adversely affected by changes in the rules and regulations governing the companies listed on the Stock Exchange

During the Track Record Period, a significant proportion of our financial printing customers were companies listed on the Stock Exchange, which are subject to the compliance of all the applicable laws and regulations, including but not limited to, the Listing Rules, the GEM Listing Rules and the SFO. In addition, companies seeking for listing on the Stock Exchange are required to publish, among others, IPO prospectuses and application forms, etc. Any change in Hong Kong rules and regulations such as the implementation of new requirement for companies to list on the Stock Exchange, or the abolishment of or amendment to disclosure requirements imposed on listed companies, may adversely affect the demand for our services, which may in turn materially and adversely affect our business, results of operations and financial position.

These may include, among others, changes that may reduce market demand for printed documents or financial printing services such as (i) relaxations on rules requiring the publication of shareholder circulars; (ii) changes in legal requirements for distribution of summary financial reports instead of full annual reports; (iii) distribution of financial reports by electronic means instead of printed copies; (iv) dissemination of corporate information to shareholders of listed companies using electronic means and in electronic format or via the Stock Exchange's website instead of printed form or publishing paid announcements in newspapers; and (v) the use of Mixed Media Offers in a public offer without being accompanied by printed listing documents.

Such changes are beyond our control and any further amendments to the existing laws and regulations governing the companies listed on the Stock Exchange, if introduced, on the methods to disseminate corporation information to the public, may affect the demand of printed documents, and hence adversely affect our business, results of operations and financial position.

The financial market downturn in Hong Kong may adversely affect our financial performance

During the Track Record Period, a significant proportion of our customers for financial printing business were listed companies. Any significant unfavourable change in the financial market in Hong Kong may adversely affect the number and volume of fund raising activities as well as reduce the budget spending of listed companies on their financial reports.

We incur fixed costs to maintain our business operations, irrespective of the number of jobs undertaken by us in a relevant year. If our revenue is not sufficient to offset our fixed operating costs incurred, our business and results of operations may be adversely affected. In addition, given that our future plan is largely based on our anticipated development in the financial market, any significant unfavourable change in the financial market in Hong Kong may adversely affect our business objectives and our business prospects.

RISKS RELATED TO CONDUCTING BUSINESS IN HONG KONG

The state of economic, political and legal environment in Hong Kong may adversely affect our business, performance and financial condition

All of our business operations are based in Hong Kong and we anticipate that income derived from sales in Hong Kong will continue to be our principal source of income in the near future. We are exposed to changes in economic, political and social conditions in Hong Kong.

If Hong Kong experiences any adverse economic, political or regulatory conditions due to events beyond our control, such as local economic downturn, natural disasters, contagious disease outbreaks, terrorist attacks, or if the government adopts regulations that place restrictions or burdens on us or on our industry in general, our business, results of operations and prospects would be materially and adversely affected. In addition, we have no business presence in overseas jurisdictions, and may have difficulties in relocating our entire business operation to other geographic markets if there is any material deterioration in the economic, political and regulatory environment in Hong Kong.

However, there is no assurance that the economic, political and legal developments in Hong Kong will not be adversely affected as a result of the exercise of sovereignty by the PRC over Hong Kong. If there is any material adverse change in the general economic, political and legal developments in Hong Kong, our operations and financial position may be adversely affected.

RISKS RELATED TO THE SHARE OFFER

Potential conflict of interests in case of breach of fiduciary duties by Mr. So and Mr. Leung, our Controlling Shareholders and executive Directors

As at the Latest Practicable Date, our Company was wholly-owned by our Controlling Shareholders (i.e. Mr. So, Mr. Leung, Colorful Bay, Deep Champion and Glorytwin), and our Controlling Shareholders will own 75.0% in aggregate of the enlarged issued share capital of our Company upon completion of the Share Offer.

At the same time, Mr. So and Mr. Leung, being executive Directors of our Company owe fiduciary duties to our Company and our Shareholders as a whole. Mr. So (Mr. So is also the chairman of the Board and chief executive officer of the Company) and Mr. Leung in their capacity as executive Directors have substantial influence over the business, including overall strategies of our Group, adjustment to our Group's capital structure, filling vacancies of Directors, the timing and amount of dividend payments and other significant corporate actions. In the event of a breach of fiduciary duties by Mr. So and Mr. Leung, and where Mr. So and Mr. Leung, as Controlling Shareholders of our Company, have interests different from the interests of the other Shareholders, those other Shareholders' interests may be prejudiced as a result.

Shares held by our Controlling Shareholders are subject to certain lock-up undertakings for periods commencing on the Listing Date and up to 12 months after the Listing Date. Please see the sections headed "Underwriting — Undertakings — Undertaking by our Controlling Shareholders" for details. After these restrictions lapse, there is no guarantee that our Controlling Shareholders will not dispose of their Shares following the expiration of their respective lock-up periods after the Listing. Our Group cannot predict the effect, if any, of any future sales of the Shares by any of our Controlling Shareholders, may have on the market price of the Shares. Sales of a substantial number of Shares by any of our Controlling Shareholders or the market perception that such sales may occur could materially and adversely affect the prevailing market price of the Shares.

There has been no prior public market for our Shares and an active trading market for our Shares may not develop

Prior to the Share Offer, there has been no public market for our Shares. The Offer Price of the Shares was determined through negotiations between us and the Sole Sponsor and the Underwriters, and it may not necessarily be indicative of the market price of the Shares after the Share Offer has been completed. While we have applied to list and deal in the Shares on the GEM, we cannot assure you that an active trading market will develop and/or if developed will be sustained after the Share Offer, or that the market price of the Shares will not fall below the Offer Price. You may be unable to sell your Shares at or above the Offer Price, and as a result, may lose all or part of your investment in such Shares.

The liquidity, trading volume and trading price of our Shares may be volatile, which could result in substantial losses for Shareholders

The liquidity, the price and trading volume of our Shares may be volatile, which may be subject to a number of factors, including but not limited to:

- actual or anticipated fluctuations in our results of operations;
- changes in earnings estimates or recommendations by securities analysts;
- restrictive regulations or limitations imposed on our industry by relevant authorities;
- actual or potential litigation or regulatory investigations announcements of competitive developments, acquisitions or strategic alliances in our industry;
- future sale or major divestment of Shares by any of our Controlling Shareholders

- dilution effect due to the higher Offer Price of HK$0.60 per share than the unaudited pro forma adjusted combined net tangible assets value of HK$0.22 per Share
- recruitment or loss of key personnel by us or our competitors; and
- general macroeconomic and market conditions or other developments affecting us and our industry.

In addition, share price and markets on the Stock Exchange have from time to time experienced significant price and volume fluctuations that are disproportionate or not related to the operating performance of such companies. These market fluctuations may also materially and adversely affect the market price of our Shares.

We may need to raise additional funds in the future to finance expansion of or new developments relating to our existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than on a pro-rata basis to our existing Shareholders, the percentage ownership of such Shareholders in our Company may be reduced or such new securities may confer rights and privileges that take priority over those conferred by the Offer Shares. In addition, our Shareholders would experience dilution in their holdings upon issuance or sale of additional securities in the future. Such issuance may also confer rights and privileges to new securities that takes priority over those conferred by the Shares.

You may face difficulties in protecting your interests because we are incorporated under Cayman Islands law, which law may provide different protection to minority shareholders than the laws of Hong Kong and other jurisdictions

Our corporate affairs are governed by our Memorandum and Articles of Association and by the Companies Law. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in other jurisdictions. Such differences may mean that our minority Shareholders, including you, may have less protection than they and you would otherwise have under the laws of other jurisdictions. For further information, please see Appendix III to this prospectus.

RISKS RELATED TO STATEMENTS MADE IN THIS PROSPECTUS

Forward looking statements contained in this prospectus are subject to risks and uncertainties

This prospectus contains statements that are forward-looking and uses words typically used for forward-looking statements such as “will”, “expect”, “estimate”, “anticipate”, “plan”, “believe”, “may”, “intend”, “ought to”, “continue”, “project”, “should”, “seek”, “potential” and other similar terms. Reliance on any forward-looking statements involves risks and uncertainties in this regard, including those identified in the risk factors discussed above. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by the Board that our Company’s plans and objectives will be achieved.

Statistics and facts in this prospectus have not been independently verified

This prospectus includes certain statistics and facts that have been extracted from Government official sources and publications or other sources. Our Company believes the sources of these statistics and facts are appropriate for such statistics and facts and has taken reasonable care in extracting and reproducing such statistics and facts. Our Company has no reason to believe that such statistics and facts are false or misleading or that any fact has been omitted that would render such statistics and facts false or misleading. These statistics and facts from these sources have not been independently verified by our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Manager, the Underwriters, any of their respective directors or any other parties involved in the Share Offer and therefore, our Company makes no representation as to the accuracy or completeness of these statistics and facts, as such these statistics and facts should not be unduly relied upon.

Investors should not rely on any information contained in the press articles or other media regarding us and the Share Offer

Prior to the publication of this prospectus, there might have been press articles and media or internet coverage regarding us and the Share Offer which might include certain financial information, financial projections, and other information about us which do not appear in this prospectus. Such information might not be sourced from or authorised by us, hence, we do not accept any responsibility for the accuracy and completeness of such information. We cannot guarantee and make no representation as to the appropriateness, accuracy, completeness or reliability of such information. Potential investors are therefore cautioned to make their investment decisions based solely on the information contained in this prospectus.

In preparation for the Listing, we have sought the following waiver from strict compliance with the relevant provisions of the GEM Listing Rules:

CONNECTED TRANSACTIONS

We have entered into certain transactions which would constitute non-exempt continuing connected transactions of our Company under the GEM Listing Rules after the Listing. Our Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement requirements set out in Chapter 20 of the GEM Listing Rules for such non-exempt continuing connected transactions. Further details of such non-exempt continuing connected transactions and the waiver are set out in the section headed "Connected Transactions" in this prospectus.

ACCOUNTS IN THIS PROSPECTUS

It is stated in Rule 7.03(1) of the GEM Listing Rules that in the case of a new applicant, the accountants' report must include the results of the issuer or, if the issuer is a holding company, the consolidated results of the issuer and its subsidiaries covering at least the two financial years immediately preceding the issue of the listing document or such shorter period as may be acceptable to the Stock Exchange.

It is stated in Rule 11.10 of the GEM Listing Rules that a new applicant and, if required pursuant to Rule 7.01 of the GEM Listing Rules, a listed issuer must have an accountants' report prepared in accordance with Chapter 7 of the GEM Listing Rules, covering (subject to Rule 11.14 of the GEM Listing Rules) in the case of a new applicant, at least the two financial years immediately preceding the issue of the listing document.

Section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires all prospectuses to include the matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and sets out the reports specified in Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

According to paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in this prospectus a statement as to its gross trading income or its sales turnover (as may be appropriate) during each of the three financial years immediately preceding the issue of this prospectus including an explanation of the method used for the computation of such income or turnover and a reasonable breakdown between the more important trading activities.

According to paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in this prospectus a report by the auditors of our Company with respect to (a) profits and losses of our Company; and (b) assets and liabilities of our Company for each of the three financial years immediately preceding the issue of this prospectus.

According to section 5(3) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), all references to "3 preceding years", "3 financial years" and "3 years" in paragraphs 27 and 31 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance are substituted by references to "2 preceding years", "2 financial years" and "2 years", respectively, for a prospectus issued in relation to an application for the listing of securities on GEM.

Our Company's financial year end date is on 31 March. The accountants' report of our Company set out in Appendix I to this prospectus is currently prepared to cover the two full financial years ended 31 March 2017 and the seven months ended 31 October 2017.

As such, the Sole Sponsor has applied on behalf of our Company to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rules 7.03(1) and 11.10 of the GEM Listing Rules on the following conditions:

1. this prospectus will be issued on or before 30 April 2018;

2. the Shares will be listed on GEM on or before 31 May 2018 (i.e. two months after the latest financial year end);

3. our Company shall obtain a certificate of exemption from the SFC on strict compliance with the requirements of section 342(1) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to, the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

4. a loss estimate for the year ended 31 March 2018 (which complies with Rules 14.29 to 14.31 of the GEM Listing Rules) shall be included in this prospectus; and

5. there shall be a Directors' statement in this prospectus that save as to the listing expenses there is no material adverse change to our financial and trading positions or prospect with specific reference to the trading results from 1 November 2017 to 31 March 2018.

Further, an application has been made to the SFC for a certificate of exemption from strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance regarding the inclusion of the accountants' report covering the full financial year ended 31 March 2018 in this prospectus on the ground that strict compliance with the requirements of section 342(1) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to, the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unduly burdensome as there would not be sufficient time for reporting accountants of our Company to complete and finalise the consolidated/combined results of the Group for the financial year ended 31 March 2018.

The SFC has granted a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting us from strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that (a) particulars of the exemption are set out in this prospectus; and (b) this prospectus will be issued on or before 30 April 2018 and the Shares will be listed on GEM on or before 31 May 2018 (i.e. two months after the latest financial year end).

Our Directors consider that the waiver and the exemption as mentioned above would not prejudice the interests of the investing public on the following grounds:

1. after performing sufficient due diligence on our Group and after conducting all due enquiries, they are not aware of any event since 1 November 2017 which would adversely and materially affect the information shown in the accountants' report set out in Appendix I to this prospectus and other financial information set out in this prospectus;

2. save as to the listing expenses, there has been no material adverse change in our financial and trading positions or prospects from 1 November 2017 to 31 March 2018; and

3. the financials for the two financial years ended 31 March 2017 and the seven months ended 31 October 2017 in this prospectus include all information as may be reasonably necessary to enable the investors to make an informed assessment of the activities, assets and liabilities and financial position of our Group.

Our Directors confirmed that all information necessary for the public to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of our Group has been included in this prospectus and as such, the waiver granted by the Stock Exchange from strict compliance with Rules 7.03(1) and 11.10 of the GEM Listing Rules and the exemption granted by the SFC from strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance will not prejudice the interests of the investing public. The Directors and the Sole Sponsor confirmed that after having performed sufficient due diligence, other than the listing expenses incurred or to be incurred after 31 October 2017, there is no material adverse change in the financial and trading positions or prospects of our Group taken as a whole with reference to the results from 1 November 2017 to 31 March 2018. The Sole Sponsor concurs that the exemption under the waiver application would not prejudice the interests of the investing public. Our Group will comply with Rules 18.03 and 18.49 of the GEM Listing Rules in respect of the requirements for publication of the annual results and annual report for the year ended 31 March 2018.

A loss estimate for the year ended 31 March 2018 (which complies with Rules 14.29 to 14.31 of the GEM Listing Rules) is included in Appendix IIB to this prospectus. The estimated combined profit (excluding listing expenses) attributable to owners of the Company for the year ended 31 March 2018 is not less than HK$4.2 million.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Marketing Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this prospectus misleading.

Printed copies of this prospectus are available, for information purposes only, at the offices of VBG at 18th Floor, Prosperity Tower, 39 Queen's Road Central, Hong Kong, Quasar Securities at Unit A, 12/F, Harbour Commercial Building, 122-124 Connaught Road Central, Hong Kong, Pacific Foundation at 11/F, New World Tower II, 16-18 Queen's Road Central, Hong Kong and Long Asia at Unit A, 23/F, The Wellington, 198 Wellington Street, Sheung Wan, Hong Kong during normal office hours from 9:00 a.m. to 5:00 p.m. from Monday, 30 April 2018 up to Friday, 4 May 2018 (both dates inclusive and for business days only).

INFORMATION ON THE SHARE OFFER

The Public Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Share Offer or to make any representation not contained in this prospectus or the relevant Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisors or any other parties involved in the Share Offer.

Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Offer Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus, and the procedures for applying for the Public Offer Shares are set out in the section headed "How to apply for the Public Offer Shares" in this prospectus and on the relevant Applications Forms.

UNDERWRITING

This prospectus is published solely in connection with the Share Offer, comprising the Placing and the Public Offer. Details of the structure of the Share Offer, including conditions of the Share Offer, are set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus. The Share Offer is sponsored by the Sole Sponsor and managed by the Joint Lead Managers and the Co-Lead Managers. The Public Offer will be fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and is subject to the agreement to the Offer Price between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters). The Placing will be fully underwritten by the Placing Underwriters under the terms of the Placing Underwriting Agreement. For further details about the Underwriters and the Underwriting Agreements, please refer to the section headed "Underwriting" in this prospectus.

SELLING RESTRICTIONS OF OFFER SHARES

No action has been taken to permit any public offering of the Offer Shares or the distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus and/or the related Application Forms may not be used for the purpose of, and does not constitute, an offer or invitation nor is it calculated to invite or solicit offers in any jurisdiction or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and/or the related Application Forms and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable laws, rules and regulations of such jurisdictions pursuant to registration with or authorisation by the relevant regulatory authorities or as an exemption therefrom.

The Offer Shares are offered to the public in Hong Kong for subscription solely on the basis of the information contained and the representations made in this prospectus and the related Application Forms. No person is authorised in connection with the Share Offer to give any information or to make any representation not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers, the Underwriters, any of their respective directors, agents or advisers or any other person involved in the Share Offer.

Each person acquiring the Offer Shares will be required to confirm, or by his/her acquisition of the Offer Shares be deemed to confirm, that he/she is aware of the restrictions on the offer of the Offer Shares described in this prospectus and/or the related Application Forms and that he/she is not acquiring, and has not been offered any such Offer Shares in circumstance that contravenes any such restrictions.

Prospective investors for the Offer Shares should consult their financial advisers and take legal advice as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective investors for the Offer Shares should inform themselves as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

APPLICATION FOR LISTING ON GEM

The Sole Sponsor has applied on behalf of our Company to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and which are to be issued pursuant to the Share Offer, the Capitalisation Issue and as otherwise described herein on GEM (including any Shares which may be issued pursuant of any option which may be granted under Share Option Scheme up to 10% of the total number of Shares in issue immediately following completion of the Capitalisation Issue and the Share Offer).

No part of the shares or the loan capital of our Company is listed, traded or dealt in on any other stock exchange and save as disclosed herein, no such listing or permission to deal is being or is proposed to be sought.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Offer Shares on GEM is refused before the expiration of three weeks from the date of the closing of the Share Offer, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Listing Division of the Stock Exchange.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at Listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of at least 25% of the issued share capital of our Company in the hands of the public. Accordingly, a total of 110,000,000 Offer Shares, which currently represents 25% of the enlarged issued share capital of our Company immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account of any Shares which may be allotted and issued pursuant to the exercise of the Share Option Scheme) will be made available under the Share Offer.

DEALINGS AND SETTLEMENT

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. (Hong Kong time) on or about Friday, 11 May 2018. Shares will be traded in board lots of 4,000 Shares each and are freely transferrable. The GEM stock code for the Shares is 8391.

No temporary documents or evidence of title will be issued.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval for the listing of, and permission to deal in, the Shares on GEM and our Company's compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date, or under contingent situations, any other date determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS. If investors are unsure about the details of CCASS settlement arrangement and how such arrangements will affect their rights and interests, they should seek the advice of their stockbrokers or other professional advisers.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Share Offer are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of the subscription for, purchase, holding or disposal of, dealings in, or the exercise of any rights in relation to, the Offer Shares. None of our Company, our Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers, the Underwriters, any of their respective directors, agents or advisers, officers, employees, or representatives (where applicable) or any other person involved in the Share Offer accepts responsibility for any tax effects on or liabilities of any person resulting from the subscription for, purchase, holding or disposal of, dealings in, or the exercise of any rights in relation to, the Offer Shares.

HONG KONG SHARE REGISTER AND STAMP DUTY

All of the Shares will be registered in our Company's branch register of members to be maintained in Hong Kong by the branch share registrar and transfer office of our Company, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. Only Shares registered on our Company's branch register of members maintained in Hong Kong may be traded on GEM.

Our Company's principal register of members will be maintained by the principal share registrar and transfer office of our Company in Cayman Islands, Estera Trust (Cayman) Limited at P.O. Box 1350 Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands.

Dealings in Shares registered in the branch register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty.

Unless determined otherwise by our Company, dividends payable in HK dollars in respect of the Shares will be paid to the Shareholders listed on our Company's Hong Kong branch register of members to be maintained in Hong Kong, by ordinary post, at the Shareholder's risk, to the registered address of each Shareholder or, in the case of joint Shareholders, to the first-named therein in accordance with the Articles.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total individual items. When information is presented in thousands or millions of units, amounts may have been rounded up or down.

Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations among certain amounts denominated in HK dollars and US dollars. Unless otherwise specified, for the purpose of this prospectus and for the purpose of illustration only, the translations between US dollars and Hong Kong dollars were made at the rate of HK$7.80 to US$1.00. No representation is made and none should be construed as being made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all on such date or any other date.

LANGUAGE

If there should be any inconsistency between the English version of this prospectus and the Chinese version of this prospectus, the English version of this prospectus shall prevail. Names of any laws and regulations, governmental authorities, institutions, natural persons or other entities which have been translated into English and included in this prospectus and for which no official English translation exists are unofficial translations for your reference only.

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. So Wing Keung（蘇永強）	Flat A, 22/F, Tower 16 Pacific Palisades 1 Braemar Hill Road North Point Hong Kong	Chinese
Mr. Leung Shu Kin（梁樹堅）	Flat D, Floor II Block 2, Flora Garden 7 Chun Fai Road Jardine's Lookout Hong Kong	Chinese
Independent non-executive Directors		
Mr. Tam Pei Qiang （譚沛強）	Flat H, 6th Floor, Block 3 Charming Garden, Phase 2 16 Hoi Ting Road Mongkok, Kowloon Hong Kong	Chinese
Mr. Kwong Chi Wing （鄺治榮）	Flat 10, 27/F, Block B, Kornhill, Quarry Bay, Hong Kong	Chinese
Mr. Cheung Wai Lun Jacky （張偉倫）	Flat C, 30/F, Tower 1 The Coronation No. 1 Yau Cheung Road Yau Ma Tei, Kowloon Hong Kong	Chinese

Please refer to the section headed "Directors and Senior Management" in this prospectus for further information.

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor	VBG Capital Limited *A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO* 18th Floor, Prosperity Tower 39 Queen's Road Central Hong Kong
Joint Bookrunners and Joint Lead Managers	VBG Capital Limited 18th Floor, Prosperity Tower 39 Queen's Road Central Hong Kong Quasar Securities Co., Limited Unit A, 12/F Harbour Commercial Building 122-124 Connaught Road Central Hong Kong
Co-Lead Managers	Pacific Foundation Sercurities Limited 11/F, New World Tower II 16-18 Queen's Road Central Hong Kong Long Asia Securities Limited Unit A, 23/F, The Wellington 198 Wellington Street Sheung Wan Hong Kong
Public Offer Underwriters	VBG Capital Limited 18th Floor, Prosperity Tower 39 Queen's Road Central Hong Kong Quasar Securities Co., Limited Unit A, 12/F Harbour Commercial Building 122-124 Connaught Road Central Hong Kong

Placing Underwriters	VBG Capital Limited 18th Floor, Prosperity Tower 39 Queen's Road Central Hong Kong Quasar Securities Co., Limited Unit A, 12/F Harbour Commercial Building 122-124 Connaught Road Central Hong Kong
Legal advisers to our Company	*As to Hong Kong laws* Vivien Teu & Co LLP in association with Llinks Law Offices *Solicitors, Hong Kong* 27/F, Henley Building 5 Queen's Road Central Central Hong Kong *As to Cayman Islands laws* Appleby *Cayman Islands* *attorneys-at-law* 2206–19 Jardine House 1 Connaught Place Central, Hong Kong
Legal advisers to the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers and Underwriters	*As to Hong Kong laws* Howse Williams Bowers *Solicitors, Hong Kong* 27/F, Alexandra House 18 Chater Road Central, Hong Kong
Reporting accountants	Mazars CPA Limited *Certified Public Accountants* 42/F, Central Plaza 18 Harbour Road Wanchai, Hong Kong

Compliance adviser	VBG Capital Limited *A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO* 18th Floor, Prosperity Tower 39 Queen's Road Central Hong Kong
Industry consultant	Frost & Sullivan International Limited 1706, One Exchange Square 8 Connaught Place Central, Hong Kong
Property valuer	AP Appraisal Limited 22/F, West Exchange Tower 322 Des Voeux Road Central Sheung Wan, Hong Kong
Receiving bank	DBS Bank (Hong Kong) Limited 16th Floor, The Center 99 Queen's Road Central Central, Hong Kong

Registered Office	PO Box 1350 Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Headquarters and principal place of business in Hong Kong Registered under Part 16 of the Companies Ordinance	2402, China Merchants Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong
Company website	www.elegance.hk *(Note: information contained in this website does not form part of this prospectus)*
Company secretary	Mr. Ho Yui Pang *(CPA, FCS)* Room 2213 Choi Lam House Tsui Lam Estate Tseung Kwan O Kowloon, Hong Kong
Compliance officer	Mr. Leung Shu Kin
Authorised representatives (for the purpose of the GEM Listing Rules)	Mr. So Wing Keung Flat A, 22/F, Tower 16 Pacific Palisades 1 Braemar Hill Road North Point Hong Kong Mr. Ho Yui Pang Room 2213 Choi Lam House Tsui Lam Estate Tseung Kwan O Kowloon, Hong Kong
Audit committee	Mr. Kwong Chi Wing *(chairman)* Mr. Tam Pei Qiang Mr. Cheung Wai Lun Jacky
Remuneration committee	Mr. Tam Pei Qiang *(chairman)* Mr. Leung Shu Kin Mr. Cheung Wai Lun Jacky

Nomination committee	Mr. Cheung Wai Lun Jacky *(chairman)* Mr. Leung Shu Kin Mr. Kwong Chi Wing
Principal share registrar and transfer office in the Cayman Islands	Estera Trust (Cayman) Limited PO Box 1350 Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Principal banker	The Hongkong and Shanghai Banking Corporation Limited One Queen's Road, Central Hong Kong

*This section contains information and statistics relating to the Hong Kong economy and the industry in which we operate. We commissioned Frost & Sullivan ("**F&S**"), an independent market research firm, as an independent industry consultant to prepare an industry research report, (the "**F&S Report**"). The information and data in this section have been derived from third-party sources including the F&S Report. While we believe that the sources of such information are appropriate and we and our Directors have taken reasonable care in the extraction and reproduction of the information derived from independent sources, we cannot assure you as to the accuracy or completeness of such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Neither we nor any of our respective affiliates or advisors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers, the Underwriters, nor any of their respective affiliates or advisors have independently verified the accuracy or completeness of such information directly or indirectly derived from independent sources, and such information may not be consistent with that available from other sources and should not be unduly relied upon.*

In respect of the information which has been directly or indirectly derived from the Stock Exchange's documents, the Stock Exchange and its subsidiaries do not guarantee the accuracy or reliability of the information and do not accept any liability (whether in tort, contract or otherwise) for any loss or damage arising from any inaccuracy or omission of the information; or any decision, action or non-action based on or in reliance upon any information by any person.

THE F&S REPORT

General

In connection with the Listing, we have commissioned F&S, an Independent Third Party and an international market research firm with experience in conducting market research for various industries in initial public offerings of companies listed on the Stock Exchange, to assess the overall industry situation and development trends and to analyse the competitive landscape of commercial printing and financial printing services industry in Hong Kong. The total consideration we paid to F&S amounts to HK$480,000. Our Directors are of the view that the payment does not affect the fairness of the views and conclusions presented in the F&S Report.

Founded in 1961, F&S has 40 offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists globally. F&S's services include technology research, independent market research, economic research, corporate best practices advising, training, client research, competitive intelligence and corporate strategy. F&S has been covering the Chinese market since the 1990s. F&S has four offices in China and direct access to the knowledgeable experts and market participants in Hong Kong commercial and financial printing services industry and its industry consultants, on average, have more than three years of experience. The F&S Report includes information on data for commercial and financial printing services industry in Hong Kong. Figures and statistics provided in this prospectus and attributed to F&S or the F&S Report have been extracted from the F&S Report and published with the consent of F&S.

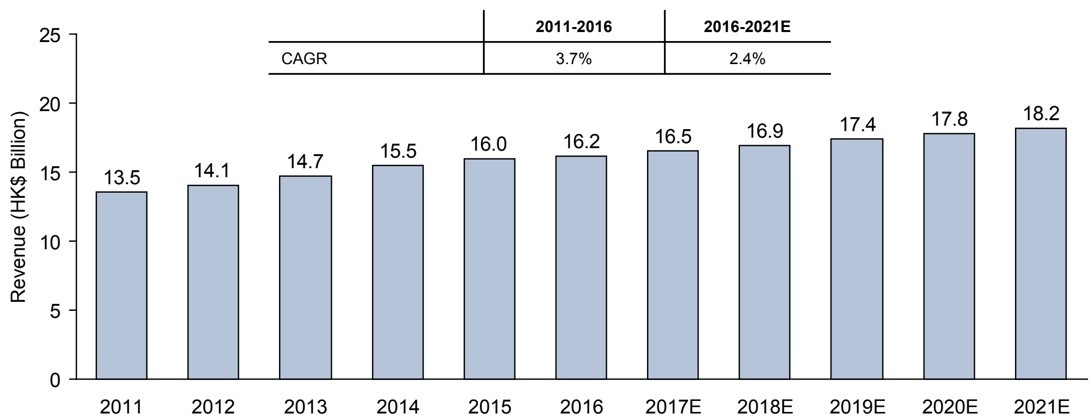
Research Methodology and Assumptions

In compiling and preparing the research report, F&S conducted primary research including telephone and face-to-face interviews with industry participants. Also, secondary research, which involved reviewing industry publications, annual reports and data based on its own database, was conducted. F&S presented the figures for various market size projections from historical data analysis plotted against macroeconomic data, as well as data with respect to the related industry drivers and integration of expert opinions. F&S assumed that (i) the social, economic and political environment is expected to remain stable; and (ii) key industry drivers are likely to continue to affect the market from 2017 to 2021 (the "**Forecast Period**") on calender year basis and, if specified, on our Company's financial year (i.e. year ended 31 March) basis.

OVERVIEW OF PRINTING SERVICES INDUSTRY IN HONG KONG

Printing services in Hong Kong comprise package printing, commercial printing, publication printing and financial printing. Set out below is the overall market size of printing services in terms of sales value in Hong Kong.

Market Size of Hong Kong Printing Services Industry by Sales Value



Note: The data is on our Company's financial year basis. 2016 refers to the period from 1 April 2016 to 31 March 2017.
Source: F&S

Due to the fragmented nature of printing industry in Hong Kong in terms of number of market participants, service offerings and business models, there are no dominant market players identified in the overall printing industry. According to F&S, in terms of revenue, our Group has an market share of approximately 0.5% in the printing industry in Hong Kong for the year ended 31 March 2017.

HONG KONG COMMERCIAL PRINTING SERVICES INDUSTRY OVERVIEW

Introduction

Commercial printing refers to the process of reproducing the information (including text, images and designs, etc.) on the manuscripts and transferring it to tangible printing substrates (including paper, metals, plastics and glasses, etc.) for business communication, marketing and sales promotion. The orders for commercial printing are usually in large volume received within a short time from the customers, which mainly include banks, enterprises, governments and advertising agents, etc. The common end products of commercial printing include advertising catalogues, business cards and other promotional materials, calendars and other security documents, etc. For the purpose of this section, the market of publication printing (e.g. printing of books, magazines, newspapers and other periodicals) is excluded from the market of commercial printing. Due to the clear market segmentation that commercial printing and publication printing are separate parts in printing market, there is an independent section for publication printing.

Value Chain

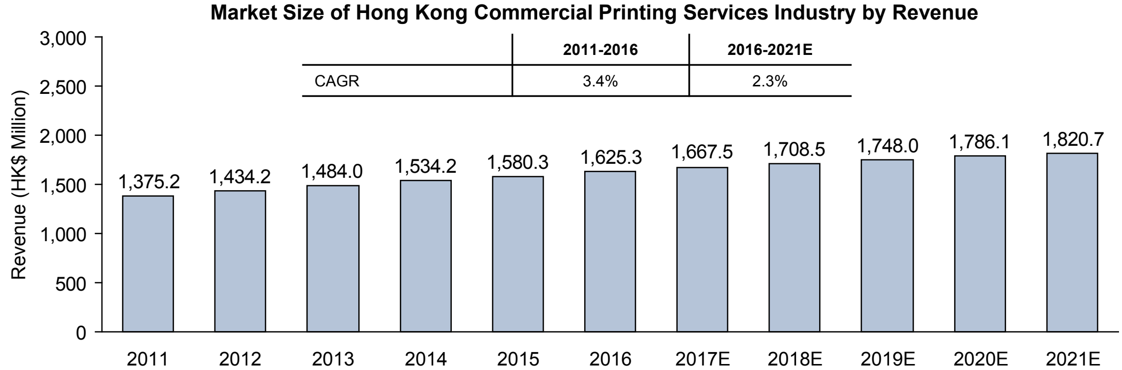
The upstream of commercial printing service providers mainly consists of vendors who supply printing-related equipment, software and raw materials, such as paper, ink, zinc printing plates and other auxiliary accessories.

Commercial printing services are typical B2B (Business-to-Business) model, which means that the products and services of the business are marketed and sold to other businesses rather than to individual consumers. Commercial printing service providers are in the middle stream and provide various customised commercial printing products or services based on different demands from their customers in the downstream, which mainly include other businesses, organisations, institutions and governments, etc.

Market Size

The market size of commercial printing services industry in terms of total revenue in Hong Kong registered a steady growth from HK$1,375.2 million in 2011 to HK$1,625.3 million in 2016. The revenue of commercial printing services industry had grown at a CAGR of approximately 3.4% from 2011 to 2016, and is expected to further grow at a CAGR of approximately 2.3% from 2016 to 2021, hitting a market size of approximately HK$1,820.7 million in 2021, driven by the increasing number of newly registered companies in Hong Kong.

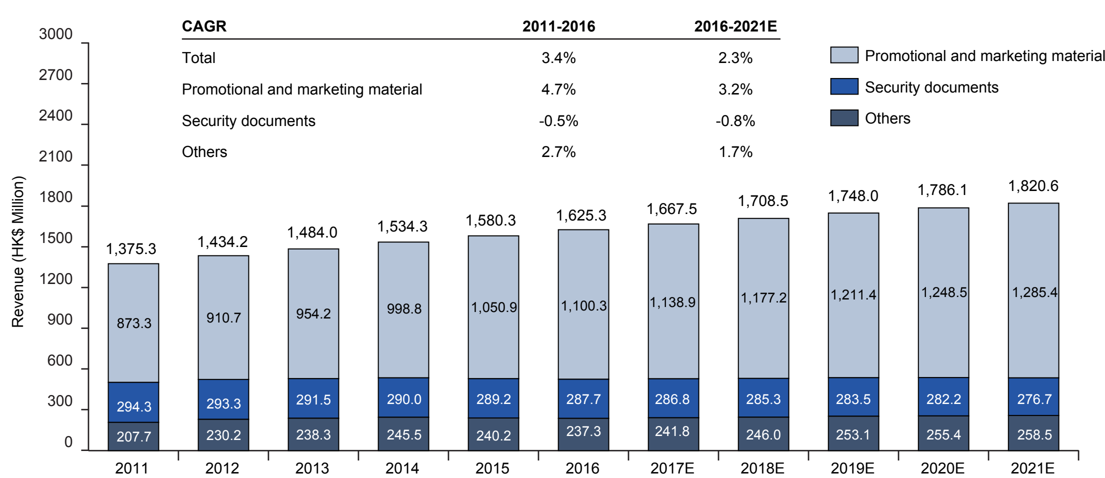
Market Size of Hong Kong Commercial Printing Services Industry by Revenue



Note: *The data is on our Company's financial year basis. 2016 refers to the period from 1 April 2016 to 31 March 2017.*
Source: F&S

Promotional and marketing materials, including brochures, leaflets, business cards and other printed products for advertising purpose, accounted for approximately 67.7% of total market revenue of Hong Kong commercial printing services. With the higher demand of promotional materials driven by increasing number of business enterprise in Hong Kong, the market size of printing services for promotional and marketing materials by revenue increased from HK$873.3 million in 2011 to HK$1,100.3 million in 2016, representing a CAGR of 4.7%. On the other hand, the market size of printing services for security documents (such as bank notes, certificates, direct mails, etc.) registered a decline at a CAGR of -0.5%, which was mainly attributable to the growing trend of digitalisation which resulted in lower print volume for direct mailing materials.

Market Size of Hong Kong Commercial Printing Services Industry by Revenue and Breakdown by Product Category



Note:

(i) The data is on our Company's financial year basis. 2016 refers to the period from 1 April 2016 to 31 March 2017.

(ii) Others include directories, stationeries and miscellaneous non-promotional printed materials.

Source: F&S

In terms of revenue, our Group has a market share of approximately 2.9% in the commercial printing services industry for the year ended 31 March 2017.

Market Drivers

(1) Considerable Number of Newly Registered Companies and SMEs. According to related information from World Bank, which was established in 1945 and is an international financial institution that provides loans to countries in the world for capital programs, Hong Kong ranked 3rd in terms of the number of starting business in 2016. Due to the beneficial business environment and low tax rate, a large number of companies prefer to start up in Hong Kong. Data from the Hong Kong Government show that there were approximately

144.9 thousand newly registered companies in Hong Kong in 2016. By the end of 2016, the number of registered companies in Hong Kong totaled 1.3 million. Furthermore, according to Hong Kong Trade and Industry Department, there were approximately 330,000 small and medium enterprises ("**SMEs**") in Hong Kong as at September 2017. Companies, including SMEs, are considered as key customers for commercial printing services and printed materials such as brochures, catalogue, mailing materials and business cards are essential for their business operations and promotion of services. Hence, the growth of companies and SMEs in Hong Kong is expected to underpin the increasing demand for commercial printing services.

(2) **Leading and Renowned Position in the Industry.** The commercial printing services industry in Hong Kong could be traced back to the 1900s. In addition, Hong Kong has been entitled as one of the most reputational global printing centres since 1985, when the 3rd World Printing Conference was held. The long history of Hong Kong commercial printing services industry has made it develop into a mature stage. Under this circumstance, the commercial printing services industry in Hong Kong has been equipped with rich industry experience, advanced technology in equipment and facilities, and mature value chain as well. Overseas customers are willing to seek services vendors in Hong Kong commercial printing services market. In the long term, Hong Kong commercial printing services industry is expected to maintain its significant position in the global market.

Future Trends

(1) **Green Printing.** Environmental issue has become a popular topic nowadays. There are an increasing number of commercial printing services companies using environmentally friendly materials, such as recycled paper, synthetic paper, UV ink and soy ink, etc. to reduce the pollution to the largest extent. In the long term, in order to realise the sustainable development, commercial printing services companies are expected to invest more funds and resources in environmental protection measures.

(2) **Increasing Value-added Services.** Another major trend in commercial printing services industry is provision of value-added services. Apart from the basic printing services, customers may also demand for other related services, such as design and delivery, etc. Therefore, commercial printing service providers now need to work more closely with their customers to identify their needs and make new service offerings so as to enhance the value of their printing services.

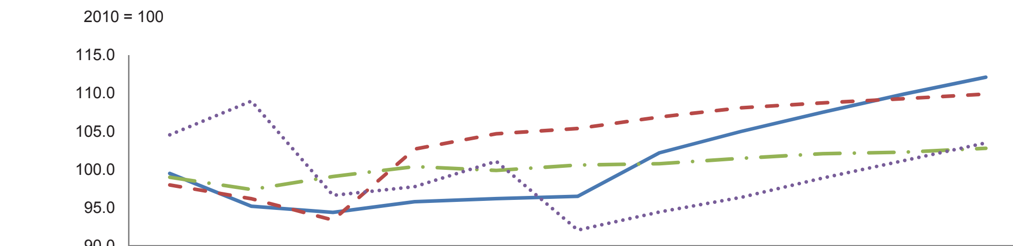
(3) **Market Consolidation and Minimum New Entrants.** Having developed for a long history, currently, the commercial printing services industry in Hong Kong demonstrates high maturity both in the production flow and professional facilities, which lays a relatively high entry barrier for the new players. It is expected that increasing level of market consolidation will be witnessed as the players tend to further integrate their industry resources and expand their business by mergers and acquisitions to strengthen their competitiveness.

Cost Factor Analysis

Paper Price

Paper is the key raw material for commercial printing services. Players in Hong Kong, including our Company, mainly purchase paper from the PRC, Japan, Korea and Europe. During the period from 2011 to 2017, all the paper price index in the PRC, Japan, Korea and Europe demonstrated fluctuations, with Korea hitting the bottom in 2012 and the PRC and Japan hitting the bottom in 2013, and then gradually grew back. In the future, driven by the trend of green printing, the demand for environmentally friendly materials is estimated to grow and more funds and resources are expected to be spent on the relevant research and development, thus the price of printing paper is forecasted to keep rising. The price of paper in the PRC usually plays the role as the beacon for the paper price in Hong Kong and reflects the global trend of price.

Price Index of Paper



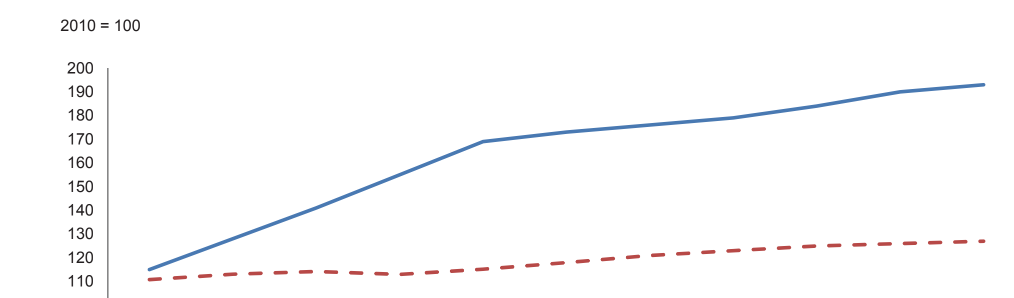
	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E	2021E
The PRC	99.5	95.2	94.4	95.8	96.2	96.5	102.2	105	107.5	109.9	112.1
Japan	98.0	96.2	93.4	102.7	104.7	105.4	106.9	108.1	108.8	109.3	109.9
Korea	99.0	97.4	99.1	100.4	99.9	100.6	100.8	101.5	102.1	102.3	102.8
Europe	104.6	109.0	96.6	97.8	101.1	92.1	94.5	96.4	98.9	101.2	103.5

Note: The data is on calendar year basis.
Source: F&S

Rental and Labour Cost

Rental and labour cost are also significant factors in the cost structure for the players in Hong Kong's commercial printing services industry. The price indices of both represent an upward trend from 2011 to 2017. Based on the price of 2010 (2010 = 100), the price index of rental increased from 115 in 2011 to 176 in 2017 and the price index of labour increased from 111 in 2011 to 121 in 2017. Going forward, due to stable demand for land and labour force in Hong Kong, the price indices of rental and labour are estimated to grow in the coming years.

Price Index of Rental and Labour, Hong Kong, 2011-2021E



	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E	2021E
Rental	115	128	141	155	169	173	176	179	184	190	193
Labour	111	113	114	113	115	118	121	123	125	126	127

Note: The data is on calendar year basis.
Source: F&S

COMPETITIVE LANDSCAPE OF COMMERCIAL PRINTING SERVICES INDUSTRY IN HONG KONG

The commercial printing services industry in Hong Kong represented a relatively low concentration rate for the year ended 31 March 2017, as the top 5 players in Hong Kong registered an accumulated share of approximately 13.0% in the total market size of commercial printing services in Hong Kong. The diverse number of downstream customers of commercial printing services in Hong Kong has resulted in the fact that no players could acquire a dominant market share. Currently, the main competitive focus in Hong Kong market lies in high product quality. According to the F&S Report, most commercial printing service providers outsource their works (including core works such as printing at the press stage) to other printing companies or have production bases located in the PRC. Based on the interviews with some downstream customers of the industry players, it is a common industry practice that commercial printing service providers in Hong Kong would outsource part of their pre-press processing works (such as design and digital output colour proofing) and post-press processing works (such as lamination, UV coating, foil stamping and bronzing, die-cutting, binding and envelope-making) to the other entities in Hong Kong or the printers in the PRC for the purpose of cost control and that some of these works may require specialised equipment, machines and expertise, which is also widely recognised by their customers, such as banks. The table below sets forth the revenue and market share of the top 5 players in commercial printing services industry of Hong Kong for the year ended 31 March 2017:

Ranking	Company Name (EN)	Revenue from Commercial Printing Services in Hong Kong in the Year Ended 31 March 2017 (HK$) Million	Market Share
1	Company A	47.7	2.9%
2	Our Group	47.3	2.9%
3	Company B	42.7	2.6%
4	Company C	40.7	2.5%
5	Company D	34.2	2.1%
	Top 5	**212.6**	**13.0%**

Note: The data is on our Company's financial year basis (from 1 April 2016 to 31 March 2017).

Source: F&S

Entry Barriers

(1) **Capital Requirement.** Commercial printing services business has certain requirements for newcomers' initial capital. At the very beginning, the new entrants of the commercial printing services industry need to invest heavily in the purchase and rental of printing equipment, software, facilities and raw materials, etc. Thus, the high fixed cost is regarded as one obstacle for new entrants.

(2) **Business Relationship.** In the commercial printing services industry, most customers choose to establish close business relationships with existing commercial printing service providers due to preference for previous experience, quality and cost. Moreover, the existing players in commercial printing services industry have developed reliable raw material vendor resources. New entrants are not likely to establish such reliable supply chain in a short time.

(3) **High Operation Cost.** In terms of human resources, it is well recognised among the commercial printing service providers that there is a shortage of skilled labour in the industry, which undermines new entrants' ability in building up its own complete human resource system. Also as widely acknowledged, the average salary in Hong Kong is high, which is almost 2.7 times higher than the average salary in the PRC. Also, rental cost in Hong Kong is high. Thus, players in Hong Kong's commercial printing services industry have to bear higher staff cost and rental cost, and new entrants without sufficient funds would not be able to enter into this market segment.

HONG KONG FINANCIAL PRINTING SERVICES INDUSTRY OVERVIEW

Introduction

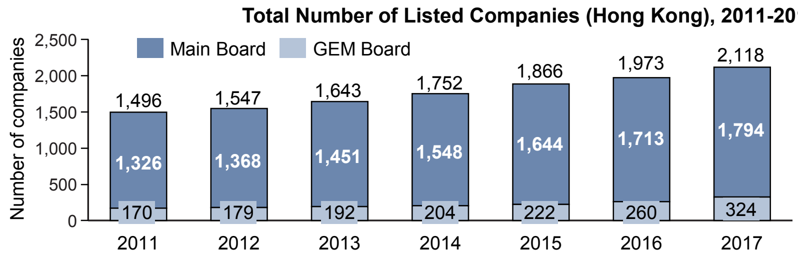
Financial printing services refer to specialised services for production of documents and publications including IPO prospectus, corporate announcements, financial reports (e.g. annual, interim and/or quarterly reports) and circulars, etc.. Major customers of financial printing service providers include listed companies and IPO applicants. The service scope in financial printing services industry in Hong Kong generally covers (1) design; (2) typesetting and proofreading; (3) translation; (4) printing; (5) distribution; and (6) value-added services. For the purpose of this section, the market in respect of unlisted companies/non-listing applicants and public institutions is excluded from the market of financial printing.

The growth of financial printing services industry is associated with the number of listed companies as well as equity fund raising activities on the Stock Exchange.

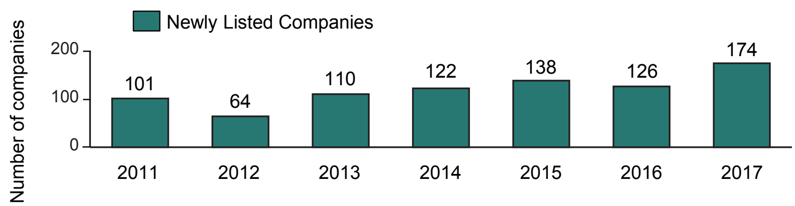
Total Number of Listed Companies

The expansion of capital market and demand for fund raising is highlighted by the growth of listed companies. According to the Market Statistics (an annual publication of statistics on securities and derivatives markets), "Hong Kong and Mainland Market Highlights" and "HKEX Monthly Market Highlights" released by the Stock Exchange, the total number of listed companies has increased from 1,496 in 2011 to 2,118 in 2017, representing a CAGR of approximately 6.0%. During the same period, the number of companies listed on the Main Board and GEM Board increased at a CAGR of approximately 5.2% and 11.3%, respectively. In addition, the number of newly listed companies had seen an overall growth from 2011 to 2017 at a CAGR of approximately 9.5%.

The growing number of listed companies underpinned the demand for financial printing services as they need to produce various reports and circulars in order to comply with the requirements specified by the Stock Exchange.



CAGR	2011-2017
Total	6.0%
Main Board	5.2%
GEM Board	11.3%

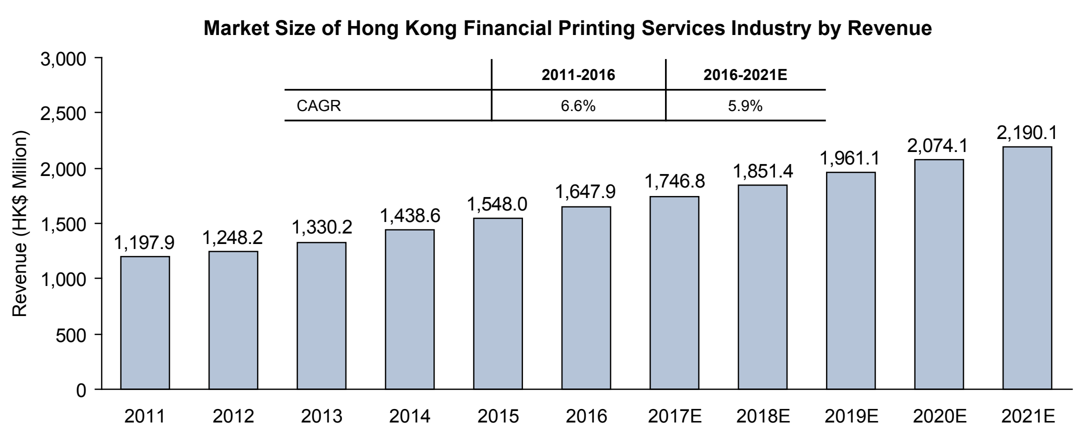


CAGR	2011-2017
Newly Listed Companies	9.5%

Note: The data is based on calendar year basis. 2016 refers to the period from 1 January 2016 to 31 December 2016.
Source: HKEx — Market Statistics, HKEx — Hong Kong and Mainland Market Highlights, HKEx — HKEX Monthly Market Highlights, F&S

Market Size

The market size of financial printing services industry in terms of revenue increased from HK$1,197.9 million in 2011 to HK$1,647.9 million in 2016, representing a CAGR of approximately 6.6%. The growth was mainly attributable to the increasing number of listed companies and thus the rising demand for financial printing services. With the continuous expansion of capital market and fund raising activities for listed companies and IPO applicants as well as stringent regulatory requirements for disclosure by announcements and circulars, it is expected that the market size of financial printing services industry in Hong Kong will maintain a steady growth at a CAGR of approximately 5.9% during the Forecast Period, reaching HK$2,190.1 million in 2021.



Note: The data is on our Company's financial year basis. 2016 refers to the period from 1 April 2016 to 31 March 2017.
Source: F&S

In terms of revenue, our Group has a market share of approximately 1.6% in financial printing service industry for the year ended 31 March 2017.

Market Drivers

(1) **Growth of Economy and IPO Markets in Hong Kong.** The steady economic growth and increasing fund raising activities through IPO is a key driver to financial printing services industry. According to the "HKEX Fact Book" and "HKEX Monthly Market Highlights" released by the Stock Exchange, the number of newly listed companies has shown a general increase from 101 in 2011 to 174 in 2017. The rising number of listed companies represents an expanded customer base for financial printers as publication of listing documents, announcements, circulars and annual reports is required in compliance with the listing rules and regulations. In addition, followed by the launch of Shanghai-Hong Kong Stock

Connect in 2014, the Stock Exchange has launched Shenzhen-Hong Kong Stock Connect in 2016 to encourage the cross-boundary investment between the stock markets. Furthermore, according to IMF, GDP is forecasted to increase in Hong Kong from 2017 to 2021, which may support the expansion of financial and stock market, which drives the demand for financial printing services.

(2) **Potential Increase in Public Mergers and Acquisitions Activities.** Financial printing services industry will be driven by the growing demand from increasing mergers and acquisitions in Hong Kong as news and information for relevant activities should be disclosed in form of announcements and/or circulars to the general public due to regulatory requirements. In particular, Chinese outbound investment is expected to grow and contribute to the increasing mergers and acquisitions in Hong Kong due to the growing connection between the PRC and Hong Kong, especially in the financial and stock markets. Thus, the demand for financial printing services is anticipated to grow in the future.

(3) **Strengthening Disclosure of Corporate Information.** In view of the growing awareness towards corporate social responsibility, the Stock Exchange has conducted market consultations on requirements of relevant disclosures and published the Environmental, Social and Governance ("**ESG**") Reporting Guide pursuant to Appendix 27 and Appendix 20 under the Listing Rules and GEM Listing Rules respectively to govern matters related to listing of securities on the Stock Exchange, which have come into effect in 2016 and disclosures are expected to enhance on certain areas such as key performance indicators in the environmental subject area. Thus, the strengthened disclosures are expected to underpin the demand for financial printing services for the production of ESG reports and the growth of the financial printing services industry in a long run.

(4) **Change in Regulation and Rules.** Regulatory changes may serve as an opportunity for financial printing services. As stipulated in the guidance under the Listing Rules and the GEM Listing Rules, listed companies are required to issue regular reports, relevant circulars and announcements in relation to corporate changes. The issuance of ESG Reporting Guide was one of the examples of changes in regulatory requirement to enhance the level of disclosure of corporate information for investors. Therefore, it is anticipated that financial printers can benefit from some of the changes in rules and guidance. In June 2017, the Stock Exchange launched a consultation in respect of its proposal to change its rules for the GEM which seek to address recent market and regulatory concerns regarding the quality and performance of applicants to, and listed issuers on, GEM. It is proposed by the Stock Exchange in its consultation paper that, among others, applicants who apply transfer from GEM to Main Board are required to issue a "prospectus-standard" listing document instead of merely publishing relevant announcements and circulars for shareholders' meetings (where applicable). According to the update No.54 titled "Amendments to the GEM Listing Rules" and update No. 118 titled "Amendments to the Main Board Listing Rules" published by the Stock Exchange, the revised GEM Listing Rules and Main Board Listing Rules became effective on 15 February 2018, which put forth the removal of streamlined transferring process for listed issuers on GEM to the Main Board and may create a new business opportunity of financial printing services for listing documents of the transfer applications.

Future Trends

(1) **Growing Emphasis on Service Coverage and Level.** As a service-oriented industry, customers of financial printing services may request for a fast and accurate production service for financial documents. For example, listing documents for IPO are substantially verified by customers and the working groups prior to submission to the Stock Exchange. Hence, financial printers will need to reserve sufficient manpower and resources to cater for the customers' needs. The demand from IPO projects will lead to improvement in service level and provision of value-added services, like venue and data management, which will become a key focus in the financial printing services industry.

(2) **Shift to Electronic Production and Advancement of Technology.** The financial printing services have seen a trend of producing electronic proof while the proportion of printed publications is reducing gradually. Currently, most of the financial printers are using specialised software to process financial documents. With the technological advancement, it is expected that financial printers will enhance the efficiency of proofing and editing to meet the tight timeline of projects. For instance, virtual data room allowing data sharing between customers and their working groups is likely a key market trend in the future.

(3) **Increasing Importance of Specialised Services.** Some specialised services in financial printing services will become increasingly important. For example, the emergence of Chinese companies listing on the Stock Exchange will drive the demand for translation

services as the customers generally prefer to read Chinese, hence the Chinese-to-English translation is therefore required. Design service is another area with potential growth. With the growing number of listed companies, they may prefer some unique designs to match with their respective industries.

Threats

(1) **Rising Operation Costs.** The key cost items for financial printers include rental cost, labour cost and miscellaneous cost such as electricity, renovation of facilities and purchase of equipment. The increasing rental cost and higher salary level in Hong Kong tend to put a heavy financial burden on the service providers.

(2) **Increasing Environmental Awareness.** Following the issuance of "Abolition of Requirement for Main Board Issuers to Publish Paid Announcements in Newspapers and Related Matters" by the Stock Exchange in 2006, listed companies on the Main Board are encouraged to publish electronic version of announcements instead of printed version on newspapers. Meanwhile, the growing awareness towards environmental protection leads to a reducing number of printed financial documents and reports, which narrow down part of income stream for financial printers.

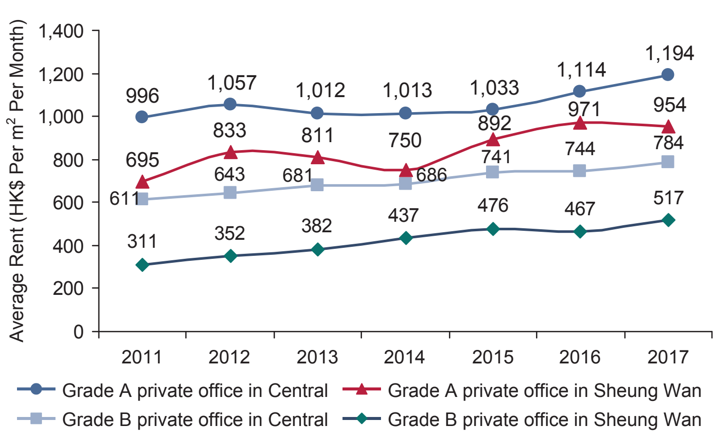
(3) **Limited Pool of Talents.** Financial printing services industry is labour-intensive in nature and requires a number of various professionals including designers, translators, account management and printing management staff in order to maintain a seamless year-round operation. In general, most of the staff in the industry is required to undertake overnight and over-the-weekend shift work. Thus, it is difficult for financial printers to recruit new talents such as fresh graduates, leading to limited supply of workforce in the industry.

(4) **Reducing Demand for Printed Documents.** As part of the regulatory requirements, listed companies and listing applicants are required to submit or publish relevant documents such as prospectuses, circulars and announcements, etc. which are generally distributed in the form of printed publications or published on printed media. The rising adoption of electronic submission and distribution of financial documents poses a threat to the revenue stream as demand for printed publications is expected to decline, which is in line with the growing awareness towards environmental protection.

Cost Factor Analysis — Rents for Office Space

In Hong Kong, financial printers usually set up their offices in prime districts (i.e. Central and Sheung Wan) so as to stay in close proximity to major financial institutions. Average rents for Grade A and Grade B private office space in Central demonstrated an overall uptrend at a CAGR of approximately 3.1% and 4.2%, respectively, from 2011 to 2017. Meanwhile, average rents for Grade A and Grade B private office space in Sheung Wan increased more significantly at a CAGR of approximately 5.4% and 8.8% during the same period. The rise in average rents was mainly attributable to strong demand for office spaces from newly established and registered companies from overseas and the PRC.

Average Rents for Grade A and Grade B Private Office in Selected Districts in Hong Kong



CAGR	2011-2017
Grade A private office in Central	3.1%
Grade B private office in Central	4.2%
Grade A private office in Sheung Wan	5.4%
Grade B private office in Sheung Wan	8.8%

Note: The data is on calendar year basis.
Source: Rating and Valuation Department, F&S

COMPETITIVE LANDSCAPE OF FINANCIAL PRINTING SERVICES INDUSTRY IN HONG KONG

Overview of Competition

The financial printing services industry in Hong Kong was highly concentrated. As at 31 March 2017, there were approximately 26 financial printers in Hong Kong. Meanwhile, for the year ended 31 March 2017, the top 10 financial service providers accounted for an aggregated market share of approximately 89.1%, representing a sales value of approximately HK$1,468.5 million. Our Group was one of the 26 financial printers in Hong Kong with a market share of approximately 1.6% in terms of revenue for the year ended 31 March 2017. However, our Group was not among the top 10 financial services providers for the year ended 31 March 2017 in terms of revenue.

Our Group has an estimated market share of approximately 1.6% in terms of revenue gained in financial printing services industry in the year ended 31 March 2017.

Entry Barriers

(1) **Track Record and Service Level.** Investment banks, listed companies as well as listing applicants usually have a strong preference for financial printers with proven track record in relevant projects such as IPO prospectus production and financial reports, etc. Meanwhile, a satisfactory service level are also a key considering factor as industry knowledge and timely response to working groups is highly valued in IPO projects. Hence, new entrants without such track record or capability to deliver good service are difficult to obtain orders from customers in the market.

(2) **Customer Relationship.** In Hong Kong, financial printing services industry is featured with several renowned key players with extensive experience of working with major customers such as investment banks and listed companies. Customer referral is common in the industry as investment banks and professional parties such as lawyers will usually refer financial printers based on portfolio, experience, service and scale of operations. Thus, established relationship with existing stock market players serves as a key barrier for new entrants.

(3) **Substantial Cost on Operation.** Financial printers in Hong Kong are geographically concentrated in prime locations such as Central and Sheung Wan where the rental cost for office space is high and was on an uptrend in past few years. Furthermore, a considerable amount of investment is expected for fitting-out and renovation of facilities such as conference rooms and lounges for customers' uses. Recruitment as well as retention of teams of talents, such as customer service executives, translators, salespersons and information system supporting staff who are willing to undertake shift works are also key cost factors for financial printers, as most of the market players operate year-round and thus incur additional operation cost on labour and electricity.

Note: Publication and commercial printing services industry are confronted with the similar threats and entry barriers because both of them belong to the printing industry. Take entry barriers for example, capital reserve and customer network are challenges faced by the new entrants in both publication and commercial printing services industry.

HONG KONG PUBLICATION PRINTING SERVICES INDUSTRY OVERVIEW

Introduction

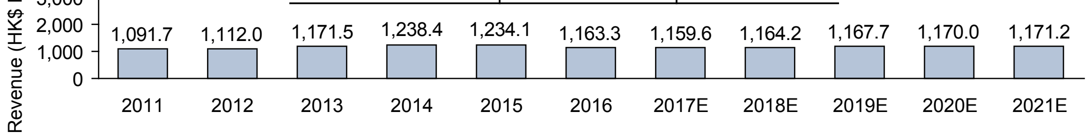
Publication printing refers to the printing of books, magazines, newspapers and other periodicals. Generally, books can be divided into children's books, educational textbooks and learning materials, leisure and lifestyle books, and other printed materials.

Market Size

The revenue generated from the book printing services in Hong Kong rose from HK$1,091.7 million in 2011 to HK$1,163.3 million in 2016, representing a CAGR of approximately 1.3%. It is estimated that the revenue will continue growing at a CAGR of approximately 0.1% over the period from 2016 to 2021, mainly driven by the stable demand for educational textbooks and learning materials in the market. Driven by the capital support from the government, the revenue from educational textbooks and learning materials printing services in Hong Kong had demonstrated a CAGR of approximately 1.7% from 2011 to 2016. It is forecasted that the revenue will keep growing at a CAGR of approximately 0.5% over the period from 2016 to 2021.

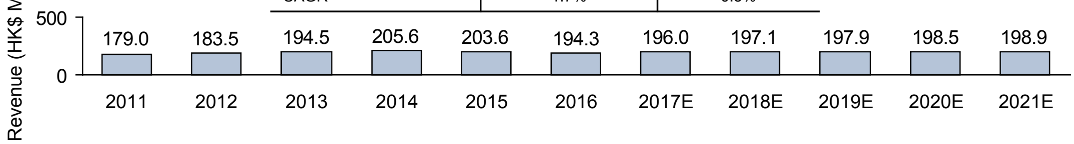
Revenue from Hong Kong Book Printing Services

	2011-2016	2016-2021E
CAGR	1.3%	0.1%



Revenue from Hong Kong Educational Textbooks and Learning Materials Printing Services

	2011-2016	2016-2021E
CAGR	1.7%	0.5%



Note: The data is on our Company's financial year basis. 2016 refers to the period from 1 April 2016 to 31 March 2017.
Source: F&S

In terms of revenue, our Group has a market share of approximately 0.8% in the book printing service industry and approximately 4.5% in the educational textbook printing services industry for the year ended 31 March 2017.

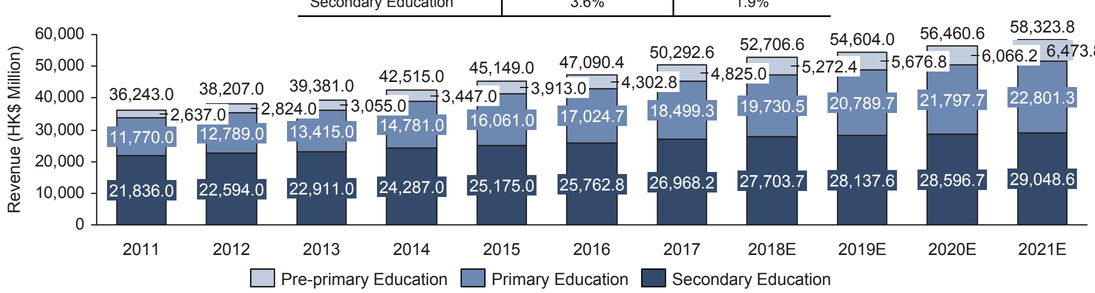
Recurrent Government Expenditure on Education

Hong Kong Government has been focusing on the field of education for the cultivation of talents. From 2011 to 2017, the recurrent government expenditure on pre-primary education, primary education and secondary education has grown at a CAGR of approximately 10.6%, 7.8% and 3.6%, respectively. In particular, the expenditure on secondary education reached approximately HK$27.0 billion in 2017.

Hong Kong Government will continue to actively promote the development of pre-primary education, primary and secondary education. It is forecast that the total government expenditure on pre-primary education, primary education and secondary education will show a CAGR of approximately 3.8% over the period from 2017 to 2021, with pre-primary education showing approximately 7.6%, primary education showing approximately 5.4% and secondary education showing approximately 1.9%, which indicates huge market potential for the printing services of textbooks in Hong Kong.

Recurrent Hong Kong Government Expenditure on Pre-primary, Primary and Secondary Education

CAGR	2011-2017	2017-2021E
Total	5.6%	3.8%
Pre-primary Education	10.6%	7.6%
Primary Education	7.8%	5.4%
Secondary Education	3.6%	1.9%



Note: The data is on calendar year basis.

Source: Hong Kong Education Bureau, F&S

Market Drivers for Printing Services of Textbooks in Hong Kong

(1) **Increasing Number of Pupils from Mainland China.** According to Hong Kong Education Bureau, the number of primary and secondary school students from mainland China reached 7,871 in 2016. In the future, the high-quality education resources in Hong Kong tend to attract more primary and secondary school students to pursue education in Hong Kong. The increase in the number of students will likely drive the demand for textbooks in Hong Kong.

(2) **Higher Requirements on Textbooks.** With growing attention to the education quality of the next generation, the government, schools and parents all have attached great importance and emphasis on the quality of textbooks and have higher requirements on their packaging, content and even attractiveness, which tend to promote the growth in Hong Kong textbook printing services industry to a great extent.

(3) **Strong Support from the Government.** The Hong Kong Government has set up an HK$800 million gifted education fund in 2016 to cultivate special gifted primary and secondary students. In addition, Hong Kong Education Bureau is attracting outstanding primary and secondary school students from all over the world to study in Hong Kong through the "One Belt And One Road" grants. These policies and statistics illustrate the importance and commitment of the government towards the primary and secondary school education.

Note: Based on the industry norm, printing services industry can be generally divided into: packaging printing (printing on the packaging), publication printing (including books, newspapers, journals, magazines, etc.), commercial printing (printing products for the purpose of business communication, marketing and sales promotion) and financial printing (documents and publications for IPO). From the perspective of the whole printing services industry, it would be more accurate to separate the publication printing from the commercial printing because the overlap between the two segments is small. Given the facts that the textbook printing is a relatively small sub-segment in the publication printing and the revenue generated from textbook printing in FY2017 accounted for approximately 10.4% of the total revenue for our Group, F&S is of the view that there is no major impact to include the textbook printing in commercial printing for our Group in the section headed "Business" of this prospectus, while a separate discussion of the commercial printing and the publication printing in this section is still considered a fair presentation for prospective investors.

COMPETITIVE ADVANTAGES OF OUR GROUP

(1) **Provision of Comprehensive Printing Services.** The capability to offer a full range of commercial, financial and publication printing services with in-house printing production factory and translation team serves as a key competitive edge of our Group. Specifically, our Group can offer comprehensive printing services from order processing, pre-press, printing, to post-press processing such as binding, packing and delivery of commercial, financial and publication printed products. Similarly, our Group has hired in-house translation team and utilised its own facilities to process and print documents under financial printing service and thus to ensure the confidentiality of personal data involved. Thus, unlike most of the financial printing companies who do not have such in-house translation team and printing production factory, our Group is more competitive in terms of quality of deliverables, production lead time and resource management.

(2) **Established Printing Facilities in Hong Kong.** Founded in 1980, our Group has rented a multi-storey factory for printing services, distribution and delivery of printed products. Additionally, our Group has introduced advanced printing technologies such as specialised paper-folding machines and personalised digital printers for effective production of direct mailing with confidential information, which enables our Group to handle sizable deals and timely delivery to customers.

(3) **Environmentally-friendly Initiatives.** In view of the trend of environmental protection, our Group was one of the first batch of printing service providers in Hong Kong to use FSC/CoC certified papers for commercial printing services in 2005. Furthermore, computer-to-plate was applied by our Group in printing process to minimise the generation of chemical waste. Such initiatives enable our Group to differentiate from other small-scale market players.

(4) **Long-term Relationship with Key Customers.** Our Group has maintained a long-term relationship with most of the major customers including listed companies, banks, and multinational corporations. For example, our Group has been providing commercial printing services to a variety of financial institutions including some renowned banks in Hong Kong with over 10 years of business relationship. In addition, our Group has undertaken some printing jobs from the Hong Kong Government, which indicates that our Group can offer high-quality printing services. The proven and long track record of working with sizable customers serves as a substantial income stream for our Group and enriches the portfolio for further business development in commercial, financial and publication printing services industry.

This section sets forth a summary of the major laws and regulations applicable to our business in Hong Kong.

(A) Health and Safety

Factories and Industrial Undertakings

The Factories and Industrial Undertakings Ordinance (Chapter 59 of the laws of Hong Kong) provides for the safety and health protection to workers in an industrial undertaking. Under the Factories and Industrial Undertakings Ordinance, every proprietor shall as far as reasonably practicable to ensure the safety and health at work of all persons employed by it at the industrial undertaking by:

(i) providing and maintaining plant and work systems that are safe and without risks to health;

(ii) making arrangements for ensuring safety and absence of risks to health in connection with the use, handling, storage and transport of articles and substances;

(iii) providing all necessary information, instruction, training, and supervision for ensuring safety and health;

(iv) providing and maintaining means of access to and egress from the industrial undertaking that are safe and without such risks; and

(v) providing and maintaining a working environment that is safe and without risks to health.

A proprietor who contravenes these duties commits an offence and is liable to a fine of HK$500,000. A proprietor who contravenes these duties wilfully and without reasonable excuse commits an offence and is liable to a fine of HK$500,000 and to imprisonment for 6 months.

Section 9 of the Factories and Industrial Undertakings Ordinance requires the person having the management or control of a notifiable workplace (as defined in the ordinance) shall give the Commissioner for Labour notification of his workplace in the prescribed form before the first occasion on which any industrial process is commenced or any industrial operation is carried on in the workplace and notification of change in the location or name of the workplace or in the nature of the industrial process or industrial operation carried on therein in the prescribed form before the change takes effect.

A proprietor who contravenes this duty is liable on conviction to a maximum fine of HK$10,000.

Factories and Industrial Undertakings (Safety Management) Regulation

The Factories and Industrial Undertakings (Safety Management) Regulation (Chapter 59AF of the laws of Hong Kong) (the "**FIUSMR**") requires proprietors covered by the regulation to implement a safety management system, which consists of 14 elements. Besides the adoption of the safety management system, the proprietors are also required to carry out safety audits or safety reviews of their safety management systems, according to the number of workers employed.

A proprietor specified in Part 2 of Schedule 3 of the FIUSMR shall appoint, in the approved form, a person (who may be an employee of the proprietor), being a person who is capable of competently carrying out a safety review, to be the safety review officer to conduct a safety review in relation to the relevant industrial undertaking. The relevant proprietor shall ensure that safety reviews are conducted at least once in each 12 months or at a shorter interval when so required in writing by the Commissioner for Labour.

Based on the number of employees currently working in our factory premises, our Group falls into Part 2 of Schedule 3 of FIUSMR. Our Group has to (i) prepare and revise as often as may be necessary a written policy statement in relation to the safety policy of the relevant industrial undertaking; (ii) bring such statement and any revision of it to the notice of all the workers in the undertaking; (iii) keep a copy of the statement; and (iv) make a copy of the statement available for inspection upon request by an occupational safety officer.

Any person who contravenes any one of the above duties in respect of (a) the safety management system and safety review an offence and is liable on conviction to a fine of HK$200,000 and to imprisonment for 6 months; (b) the safety policy commits an offence and is liable on conviction to a fine of HK$100,000 and to imprisonment for 3 months.

Occupational Safety and Health

The Occupational Safety and Health Ordinance (Chapter 509 of the laws of Hong Kong) provides for the safety and health protection to employees in workplaces, both industrial and non-industrial.

Employers must as far as reasonably practicable ensure the safety and health in their workplaces by:

(i) providing and maintaining plant and work systems that are safe and without risks to health;

(ii) making arrangement for ensuring safety and absence of risks to health in connection with the use, handling, storage or transport of plant or substances;

(iii) providing all necessary information, instruction, training, and supervision for ensuring safety and health;

(iv) providing and maintaining safe access to and egress from the workplaces; and

(v) providing and maintaining a working environment that is safe and without risks to health.

Failure to comply with the above provisions constitutes an offence and the employer is liable on conviction to a fine of HK$200,000. An employer who fails to do so intentionally, knowingly or recklessly commits an offence and is liable on conviction to a fine of HK$200,000 and to imprisonment for 6 months.

The Commissioner for Labour may also issue improvement notices against non-compliance of this Ordinance or the Factories and Industrial Undertakings Ordinance, or suspension notices against activity of workplace which may create imminent hazard to the employees. Failure to comply with such notices constitutes an offence punishable by a fine of HK$200,000 and HK$500,000 respectively and imprisonment of up to 12 months.

Occupiers Liability

The Occupiers Liability Ordinance (Chapter 314 of the laws of Hong Kong) regulates the obligations of a person occupying or having control of premises on injury resulting to persons or damage caused to goods or other property lawfully on the premises.

The Occupiers Liability Ordinance imposes a common duty of care on an occupier of premises to take such care as in all the circumstances of the case is reasonable to see that the visitor will be reasonably safe in using the premises for the purposes for which he is invited or permitted by the occupier to be there.

Fire Safety

The Fire Safety (Buildings) Ordinance (Chapter 572 of the laws of Hong Kong) and the Fire Safety (Commercial Premises) Ordinance (Chapter 502 of the laws of Hong Kong) provide for the fire safety requirements to be complied with by both owners and occupiers of composite buildings intended for non-domestic purposes, domestic buildings and commercial premises.

Occupiers are required to provide or improve:

(i) fire service installations and equipment such as emergency lighting within the area it occupies so as to facilitate the evacuation of the area in the event of a power failure;

(ii) an automatic cut-off device for the mechanical ventilating system to limit the spread of smoke through the ventilating system; and

(iii) portable fire extinguishers, so that there is at least one fire extinguisher for each 100 square metres of floor area of the premises or part of that area.

The relevant enforcement authority may serve on the occupier of the premises a fire safety direction directing the occupier to comply with all or any of the requirements under the above ordinances.

(B) Employment

Employment Ordinance (Chapter 57 of the Laws of Hong Kong) (the "EO")

The EO provides for the protection of the wages of employees, regulates general conditions of employment and employment agencies, and for matters connected therewith. Under the EO, employees who are employed under a continuous contract are entitled to additional benefits including but not limited to rest days, paid annual leave, sickness allowance, severance payment and long service payment.

Where an employer wilfully and without reasonable excuse fails to pay wages to an employee when it becomes due, or fails to pay interest on the outstanding amount of wages to the employee is liable on conviction to a fine and imprisonment. Where an employer who is no longer able to pay wages due, it/he/she should terminate the contract of employment in accordance with its terms.

Employees' Compensation

The Employees' Compensation Ordinance (Chapter 282 of the laws of Hong Kong) lays down the rights and obligations of employers and employees in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases under the Employees' Compensation Ordinance. The Employees' Compensation Ordinance applies equally to fulltime and part-time employees who are employed under service contracts or apprenticeships.

Under the Employees' Compensation Ordinance, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is in general liable to pay compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, an employee who suffers incapacity or dies arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents.

According to Section 40 of the Employees' Compensation Ordinance, all employers (including contractors and subcontractors) are required to take out insurance policies to cover their liabilities both under the Employees' Compensation Ordinance and at common law for injuries sustained by their employees (including full-time and part-time employees) in the course of their employments. An employer who fails to comply with the Employees' Compensation Ordinance to secure an insurance cover is liable on conviction to a fine of HK$100,000 and imprisonment for 2 years.

According to Section 48 of the Employees' Compensation Ordinance, an employer shall not, without the consent of the Commissioner for Labour, terminate, or give notice to terminate, the contract of service of an employee (who has suffered incapacity or temporary incapacity in circumstances which entitle him to compensation under the Employees' Compensation Ordinance) before occurrence of certain events. Any person who commits a breach of this provision is liable on conviction to a maximum fine of HK$100,000.

Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) ("MPFSO")

The MPFSO provides for, inter alia, the establishment of a system of privately managed, employment-related mandatory provident fund schemes for members of the workforce to accrue financial benefits for retirement.

Under the MPFSO, the employer and its relevant employee, meaning an employee of 18 years of age or over and below retirement age which is 65 years of age, are each required to make contributions to the plan at 5% of the relevant employees' relevant income, meaning any wages, salary, leave pay, fee, commission, bonus, gratuity, perquisite or allowance expressed in monetary terms, paid or payable by an employer to the relevant employee in consideration of his employment under his employment contract. With effect from 1 June 2014, the maximum level of relevant income of a relevant employee was adjusted from HK$25,000 to HK$30,000, and thus the relevant maximum mandatory contribution was adjusted from HK$1,250 to HK$1,500.

Occupational Retirement Schemes Ordinance (Chapter 426 of the Laws of Hong Kong) ("ORSO")

The ORSO aims to regulate the retirement schemes industry through a registration system to ensure that all voluntarily established ORSO schemes are properly administered and funded, and to provide greater certainty that retirement scheme benefits promised to employees will be paid when they fall due. The ORSO applies to all ORSO schemes operated in and from Hong Kong. It also covers offshore schemes (i.e. schemes whose domicile is outside Hong Kong, where the scheme or trust is governed by a foreign system of law) which provide retirement benefits to members employed in Hong Kong. All ORSO schemes must be registered or granted an exemption certificate by the Registrar in accordance with ORSO.

Minimum Wage

The Minimum Wage Ordinance (Chapter 608 of the laws of Hong Kong) provides for a prescribed minimum hourly wage rate (currently set at HK$34.5 per hour) during the wage period for every employee engaged under a contract of employment under the Employment Ordinance.

Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by this ordinance is void.

(C) Environmental Protection

Water Pollution Control

The Water Pollution Control Ordinance (Chapter 358 of the laws of Hong Kong) controls the effluent discharged from all types of industrial, commercial, institutional and construction activities into public sewers, rainwater drains, river courses or water bodies. For any industry/trade generating wastewater discharge (except domestic sewage that is discharged into communal foul sewers or unpolluted water to storm drains), they are subject to licensing control by the Director of Environmental Protection.

All discharges, other than domestic sewage to a communal sewer or unpolluted water to a communal drain, must be covered by a water pollution control licence. The licence specifies the permitted physical, chemical and microbial quality of the effluent and the general guidelines are that the effluent does not damage sewers or pollute inland or inshore marine waters.

According to the Water Pollution Control Ordinance, unless being licensed under the Water Pollution Control Ordinance, a person who discharges any waste or polluting matter into the waters or discharges any matter into a communal sewer or communal drain in a water control zone commits an offence and is liable to imprisonment for 6 months and (a) for a first offence, a fine of HK$200,000; (b) for a second or subsequent offence, a fine of HK$400,000, and in addition, if the offence is a continuing offence, to a fine of HK$10,000 for each day during which it is proved to the satisfaction of the court that the offence has continued.

Waste Disposal

The Waste Disposal Ordinance (Chapter 354 of the laws of Hong Kong) controls the production, storage, collection, treatment, recycling and disposal of wastes. At present, livestock waste, clinical waste and chemical waste are subject to specific controls whilst unlawful deposition of waste is prohibited. Import and export of waste is generally controlled through a permit system.

Our Company shall observe and comply with the Waste Disposal Ordinance and its subsidiary regulations including the Waste Disposal (Chemical Waste) (General) Regulation. Under the Waste Disposal (Chemical Waste) (General) Regulation, anyone who produces chemical waste or causes it to be produced has to register as a chemical waste producer. The waste must be packaged, labeled and stored properly before disposal. Only a licensed collector can transport the waste to a licensed chemical waste disposal site for disposal. Chemical waste producers also need to keep records of their chemical waste disposal for inspection by the staff of the Environmental Protection Department.

A person shall not produce or cause to be produced chemical waste unless he is registered as a chemical waste producer. A person who contravenes this duty commits an offence and is liable to a fine of HK$200,000 and to imprisonment for 6 months.

Air Pollution

The Air Pollution Control Ordinance (Chapter 311 of the laws of Hong Kong) is the principal legislation in Hong Kong for controlling emission of air pollutants and noxious odour from construction, industrial and commercial activities and other polluting sources. Subsidiary regulations of the Air Pollution Control Ordinance impose control on air pollutant emissions from certain operations through the issue of licences and permits.

Noise Pollution

Noise Control Ordinance (Chapter 400 of the laws of Hong Kong) controls the noise from construction, industrial and commercial activities.

(D) Dangerous Goods

The Dangerous Goods Ordinance (Chapter 295 of the laws of Hong Kong) controls the usage, storage, manufacturing and conveyance of the dangerous goods under the ordinance and sets out the relevant licensing requirements in relation to these activities. According to section 3 of the Dangerous Goods Ordinance, dangerous goods include all explosives, compressed gases, petroleum and other substance giving off inflammable vapours, substances giving off poisonous gas or vapour, corrosive substances, substances which become dangerous by interactions with water or air, substances liable to spontaneous combustion or of a readily combustible nature.

According to Section 6 of the Dangerous Goods Ordinance, no person shall store any dangerous goods in excess of exempted quantity in any premises or places without a licence issued by the director of the Fire Services Department. According to section 14 of the Dangerous Goods Ordinance, any person who contravenes section 6 of the Dangerous Goods Ordinance shall be guilty of an offence and shall be liable to a fine of HK$25,000 and to an imprisonment of 6 months. The Dangerous Goods (General) Regulations (Chapter 295B of the laws of Hong Kong) provides the exempted categories and quantity of the dangerous goods for which a licence is not required for the transport, storage and usage of the dangerous goods.

(E) Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (the "PDPO")

The PDPO covers any data relating directly or indirectly to a living individual (data subject), from which it is practicable to ascertain the identity of the individual and which are in a form in which access to or processing of the data is practicable. It applies to a data user, i.e. any person who, either alone or jointly or in common with other persons, controls the collection, holding, processing or use of personal data.

During the course of our business, we may process or use personal data in rendering our secured data printing services to our customers. In doing so, we must comply with the Data Protection Principles of the PDPO, which are:

Principle 1 — Purpose and manner of collection of personal data. This provides for the lawful and fair collection of personal data and sets out the information a data user must give to a data subject when collecting personal data from that subject.

Principle 2 — Accuracy and duration of retention of personal data. This provides that personal data should be accurate, up-to-date and kept no longer than necessary.

Principle 3 — Use of personal data. This provides that unless the data subject gives consent otherwise personal data should be used for the purposes for which they were collected or a directly related purpose.

Principle 4 — Security of personal data. This requires appropriate security measures to be applied to personal data (including data in a form in which access to or processing of the data is not practicable).

Principle 5 — Information to be generally available. This provides for openness by data users about the kinds of personal data they hold and the main purposes for which personal data are used.

Principle 6 — Access to personal data. This provides for data subjects to have rights of access to and correction of their personal data.

(F) Intellectual Property

Copyright Ordinance

Under the Copyright Ordinance (Chapter 528 of the laws of Hong Kong), a person may incur civil liability for "secondary infringement" if that person possesses, sells, distributes or deals with a copy of a work which is, and which he knows or has reason to believe to be, an infringing copy of the work for the purposes of or in the course of any trade or business without the consent of the copyright owner.

However, the person will only be liable if, at the time he committed the act, he knew or had reason to believe that he was dealing with infringing copies.

Under section 31 of the Copyright Ordinance, the copyright in a work is infringed by a person who, without the licence of the copyright owner, among others, possesses for the purpose of or in the course of any trade or business or sells or lets for hire, or offers or exposes for sale or hire a copy of a work which is, and which he knows or has reason to believe to be, an infringing copy of the work.

The Copyright Ordinance also imposes criminal liability under section 118 which provides that a person commits an offence if he, without the consent of the copyright owner of a copyright work, makes for sale or hire an infringing copy of the work or possesses an infringing copy of the work with a view to its being, among others, sold or let for hire by any person for the purpose of or in the course of that trade or business.

There is a specific provision against copying service business under Section 119A of the Copyright Ordinance which imposes criminal liability when a person, for the purpose of or in the course of a copying service business, possesses a reprographic copy of a copyright work as published in a book, magazine or periodical, being a copy that is an infringing copy of the copyright work. The Copyright Ordinance provides, among other defences, that it is a defence for the person charged to prove that he did not know and had no reason to believe that the copy of a copyright work in question was an infringing copy of the copyright work.

The Copyright Ordinance provides any person who contravenes Sections 118 or 119A of the Copyright Ordinance shall be guilty of an offence and shall be liable to a fine of HK$50,000 and to imprisonment for 4 years.

The Directors confirm that they do not have any actual knowledge nor have any reason to believe that any materials submitted by the customers to our Group for printing is an infringing copy of any work within the meaning of the Copyright Ordinance.

OUR BUSINESS HISTORY

We have over 38 years of experience in the printing industry in Hong Kong. Our history can be traced back to April 1980 when Mr. So (being our founder, a Controlling Shareholder and an executive Director) established the printing business under the sole proprietorship known as "Elegance Printing Co.". In 1988, we obtained the first contract from our long established customer, which is the Hong Kong branch of one of the world's largest banking and financial services organisations serving customers worldwide. We were then operated from a small scale printing facility in Wan Chai, Hong Kong.

Mr. So has accumulated over 12 years of experience in the printing industry prior to the incorporation of Elegance Printing HK in April 1992 as the first operating subsidiary of our Group to provide commercial printing services. In February 1995, Elegance Finance Printing Services HK became our subsidiary for the purpose of providing financial printing services. In April 1998, Teamco Translation became our subsidiary for the purpose of providing translation services. In 2004, we relocated to our existing printing facility at No. 8, A Kung Ngam Village Road, Shaukeiwan, Hong Kong, which had a useable area of approximately 52,860.7 sq. feet as at the Latest Practicable Date. In May 2005, we first obtained the FSC/CoC certificate accredited by the Forest Stewardship Council, a certificate which certifies that the management system of our Group is able to ensure the original source of materials of the papers was originated from responsibly managed forests. According to the F&S Report, our Group was one of the first batch of printing service providers in Hong Kong to use FSC/CoC certified papers for commercial printing.

In 1999, we expanded our business beyond traditional printing services by providing secured data printing and direct mailing services for the first time to our commercial printing customers including financial institutions and corporate customers. Having such capability enabled us to tap into the secured data printing and direct mailing services industry especially for insurance companies where we have successfully obtained the first contract from our long established customer, which is an insurance company and it is part of the world's largest banking and financial services organisations serving customers worldwide. In March 2007, we were first being engaged by our long established book publisher customer to print textbooks and related educational publication materials for use in pre-primary, primary and secondary schools in Hong Kong. In August 2012, we were involved in the printing of election materials for Hong Kong government for the first time.

Over the years, we have continuously invested in latest model of printing machines and equipments in line with the growth in our business operations. For the year ended 31 March 2017, our annual production capacity for offset printing reached approximately 77.0 million sheets. Our staff has also increased to over 100 during the Track Record Period.

Business milestones

The following table sets forth the business milestones of our business:

Year	Development milestones
1992	Elegance Printing HK, the first operating subsidiary of our Group, was incorporated to provide commercial printing services
1995	Elegance Finance Printing Services HK became our subsidiary for the purpose of financial printing services
1998	Teamco Translation became our subsidiary for the purpose of translation services
1998	Elegance Document Solutions became our subsidiary for the purpose of leasing of equipment and machineries for our Group's internal use
1999	Our Group began to provide secured data printing and direct mailing services
1999	Our Group commenced to provide commercial printing services for insurance company
2004	Our Group relocated to the current printing facility in Shaukeiwan, Hong Kong for our commercial printing business
2005	Our Group obtained the FSC/CoC certification issued by the Forest Stewardship Council, a certificate which certifies that the management system of our Group is able to ensure the original source of materials of the papers was originated from responsibly managed forests. Our Group was one of the first batch of printing service providers in Hong Kong to use FSC/CoC certified papers for commercial printing
2006	Our Group moved into current Hong Kong office in Shun Tak Centre, Sheung Wan, Hong Kong for our financial printing business
2007	Our Group began our commercial printing services in respect of textbooks and related educational publication materials

2009	Our Group introduced mechanical envelope making machines into our factory
2012	Our Group was awarded with printing job for printing of election materials for Hong Kong Government for the first time
2016	Our Group was awarded with the printing work for 2016 Legislative Council Election "Introduction to Candidates booklets" for Hong Kong Government. Our Group is the only printing company awarded with more than one items for this printing job (among the eight items in total)
2017	Our Company was incorporated

CORPORATE DEVELOPMENT

Our Company has a number of direct and indirect subsidiaries incorporated or established in the BVI and Hong Kong. Further information of our operating subsidiaries and their respective corporate history is set forth below. We underwent certain Reorganisation steps for the purpose of the Listing, further information of which is set forth in the paragraph under "Reorganisation" below.

Our Company

Our Company was incorporated in the Cayman Islands on 24 January 2017 and is the holding company of our subsidiaries. As at the date of incorporation, the authorised share capital was HK$380,000 divided into 38,000,000 shares of HK$0.01 each, of which one share was issued to an initial subscriber, which was transferred to Glorytwin on the same day. As of the Latest Practicable Date, all issued shares in our Company were held as to 100% by Glorytwin.

As a result of our Reorganisation, our Company, through Elegance Printing Holding BVI and Elegance Printing Services Holding BVI, indirectly holds all the equity interests in our operating subsidiaries, except for Teamco Translation which was indirectly owned as to 85% by our Company. Please refer to the section "History, Reorganisation and Corporate Structure — Reorganisation" below in this section for further details about our Reorganisation.

Our operating subsidiaries in Hong Kong

We primarily conduct our commercial printing and financial printing business in Hong Kong through our operating subsidiaries, Elegance Printing HK, Elegance Finance Printing Services HK, Teamco Translation and Elegance Document Solutions.

Elegance Printing HK

Elegance Printing HK was incorporated in Hong Kong on 15 April 1992 as a limited company with a total issued share of two shares, one of which was allotted to Mr. So. Elegance Printing HK primarily provides commercial printing services.

In November 1992, an Independent Third Party investor subscribed for approximately 43.0% of the equity interest in Elegance Printing HK, while the remaining approximately 57.0% equity interest was held by Mr. So. Since then, there has been various share allotments and share transfers during which Mr. So owned approximately 57.0% or more of the equity interest in Elegance Printing HK directly or indirectly (by himself or through Ching Art Production which was controlled by him), while the remaining equity interests were held by such Independent Third Party. The issued share capital was then increased to 1,013,954 shares. On 14 September 2000, Mr. So (by himself and through Ching Art Production) acquired the remaining 436,000 shares (representing the then approximately 43.0% equity interest of Elegance Printing HK) from the Independent Third Party at a consideration of approximately HK$25.0 million. The consideration was determined with reference to certain price earning ratio of Elegance Printing HK for the year ended 31 March 2000. Upon completion of such transfer, Mr. So held the entire equity interest in Elegance Printing HK by himself and through Ching Art Production (which was wholly-owned by him indirectly).

Since then, following various share tranfers and share allotments, until 14 September 2001, the issued share capital of Elegance Printing HK was increased to 1,100,000 shares, all of which were directly or indirectly held by Mr. So (through Ching Art Production and/or his trustee(s)). On 14 September 2001, Mr. Leung became a shareholder of Elegance Printing HK, when he acquired 110,000 shares in Elegance Printing HK (representing the then 10% of the equity interest of Elegance Printing HK) from Ching Art Production at a consideration of HK$6 million. The consideration was determined with reference to certain price earning ratio of Elegance Printing HK for the year ended 31 March 2000. Upon completion of such transfer and up until immediately before the Reorganisation, Elegance Printing HK was owned as to 90.0% by Mr. So (through Ching Art Production (which was wholly-owned by him indirectly) and/or his trustee(s)) and 10.0% by Mr. Leung.

Upon completion of the Reorganisation, Elegance Printing HK became an indirect wholly-owned subsidiary of our Company.

Elegance Finance Printing Services HK

Elegance Finance Printing Services HK was incorporated in Hong Kong on 15 December 1994 as a limited company with a total issued shares of two shares, allotted to two initial subscribers.

On 28 February 1995, the initial subscribers transferred their shares to Elegance Printing HK and Mr. So at nominal consideration of HK$1 each. Upon completion of such transfers, Elegance Finance Printing Services HK was owned as to 50% by Elegance Printing HK and 50% by Mr. So as trustee for and on behalf of Elegance Printing HK. Elegance Finance Printing Services HK primarily provides financial printing services.

Since then, there has been various share allotments and share transfers, during which Elegance Printing HK owned as to 60% or more of the equity interest in Elegance Finance Printing Services HK directly or indirectly (by itself and/or its trustee) while the remaining equity interests were held by employees and former employees of our Group. Since 2002, Elegance Printing HK gradually increased its shareholding interest in Elegance Finance Printing Services HK. Following an acquisition on 30 March 2007 when it acquired 13 shares, 13 shares and 10 shares (representing approximately 1.3%, 1.3% and 1.0% of the equity interest of Elegance Finance Printing Services HK) from Mr. Lai Chi Wing (an employee of our Group), Mr. Wong (a member of the senior management of our Group) and Ms. Chan Tsz Wan (a member of the senior management of our Group) respectively, Elegance Finance Printing Services HK was wholly-owned by Elegance Printing HK (by itself or through its trustees). The considerations for the above share transfers were HK$117,000, HK$117,000 and HK$90,000, respectively, and were determined with reference to the then net asset value of Elegance Finance Printing Services HK.

On 30 November 2009, due to internal reorganisition, Elegance Printing HK transferred 999 shares (representing the then 99.9% equity interests in Elegance Finance Printing Services HK) to Elegance Printing Group BVI at a consideration of HK$999. On the same day, Mr. So began to hold one share (representing the then 0.1% equity interest in Elegance Finance Printing Services HK) as trustee for and on behalf of Elegance Printing Group BVI. Upon completion of such transfers and until immediately before the Reorganisation Elegance Finance Printing Services HK was wholly-owned by Elegance Printing Group BVI (by itself and its trustee). Elegance Printing Group BVI was wholly-owned by Elegance International Holding BVI, which was in turn owned as to 90.0% and 10.0% by Ching Art Production (which was wholly-owned by Mr. So indirectly) and Mr. Leung, respectively.

Upon completion of the Reorganisation, Elegance Finance Printing Services HK became an indirect wholly-owned subsidiary of our Company.

Teamco Translation

Teamco Translation was incorporated in Hong Kong on 28 November 1997 as a limited company with a total issued shares of two shares, which were allotted to two first subscribers, respectively.

On 14 April 1998, each of the initial subscribers transferred one share to Elegance Finance Printing Services HK and Mr. Wong (a member of the senior management of our Group) (being a trustee for Elegance Finance Printing Services HK), respectively. Upon completion of such transfers, Teamco Translation was wholly-owned by Elegance Finance Printing Services HK. Teamco Translation primarily provides translation services.

On 8 May 1998, the issued share capital of Teamco Translation was increased to 1,500,000 shares, of which 899,998 and 600,000 shares were allotted to Elegance Finance Printing Services HK and Well Coronet Limited (a holding company owned by two former employees of our Group), respectively. On 11 May 1998, Mr. Wong transferred the one share of Teamco Translation held by him to Elegance Finance Printing Services HK at nil consideration. Upon completion of the allotment and share transfer, Teamco Translation was owned as to 60.0% and 40.0% by Elegance Finance Printing Services HK and Well Coronet Limited, respectively. On 19 November 1998, Elegance Finance Printing Services HK acquired 10% equity interest from Well Coronet Limited at a consideration of HK$150,000. The consideration was determined with reference to the par value of the shares. On 20 April 2011, Elegance Finance Printing Services HK and Mr. So (as trustee for Elegance Finance Printing Services HK) acquired 449,999 shares and one share (being the remaining 30% equity interest) from Well Coronet Limited at an aggregate consideration of approximately HK$740,000. Upon completion of the share transfers, Teamco Translation was owned as to 100% by Elegance Finance Printing Services HK (by itself and through Mr. So as its trustee). On 1 August 2012, Elegance Finance Printing Services HK transferred 10%, 5% and 9% of the then equity interests in Teamco Translation to Ms. Wong (a member of the senior management of our Group), Ms. Chong Ting Ting (a former employee of our Group) and Mr. So, for a consideration of HK$280,000, HK$140,000 and HK$252,000, respectively. Upon completion of such transfers, Teamco Translation was owned as to 76% by Elegance Finance Printing Services HK, 10% by Ms. Wong, 9% by Mr. So and 5% by Ms. Chong Ting Ting.

On 23 December 2014, Ms. Chong Ting Ting transferred her 5% equity interests in Teamco Translation to Ms. Wong for a consideration of HK$90,010.06 (because Ms. Chong ceased to be employee of our Group and decided to realise her shareholding interest accordingly). Upon completion of such transfers, Teamco Translation was owned as to 76% by Elegance Finance Printing Services HK, 15% by Ms. Wong and 9% by Mr. So.

From 1 April 2015 and until immediately before Reorganisation, Teamco Translation had issued share capital of 1,500,000 shares, of which 1,139,999 shares were held by Elegance Finance Printing Services HK and 1 share was held by Mr. So (as trustee for Elegance Finance Printing Services HK), while the remaining 225,000 and 135,000 shares were owned by Ms. Wong and Mr. So (by himself as the beneficial owner) respectively. Upon completion of the Reorganisation, Teamco Translation was indirectly owned as to 85% by our Company, while the remaining 15% equity interest was owned by Ms. Wong.

Elegance Document Solutions

Elegance Document Solutions was incorporated in Hong Kong on 30 September 1998 as a limited company with a total issued share of two shares, each of them was allotted to one nominee initial subscriber.

On 1 December 1998, each of the subscribers transferred one share to each of Elegance Finance Printing Services HK and Mr. So (as trustee for Elegance Finance Printing Services HK). Upon completion of such transfer, Elegance Document Solutions was owned as to 50% by Elegance Finance Printing Services HK and 50% by Mr. So (as trustee for Elegance Finance Printing Services HK). Elegance Document Solutions primarily serves the function for leasing of equipment and machineries for our Group's internal use.

Since then, there has been various share allotments and share transfers. At all material times, Elegance Finance Printing Services HK had direct interest in at least 70% of the equity interest in Elegance Document Solutions, while the remaining 10% and 20% equity interests were held by HR Elegance Marketing Limited (which was controlled by Elegance Finance Printing Services HK) and an Independent Third Party investor, respectively.

On 2 July 2003, Elegance Finance Printing Services HK acquired the remaining 10% and 20% equity interests of Elegance Document Solutions from HR Elegance Marketing Limited and the Independent Third Party investor at a consideration of HK$1 and HK$1, respectively. Upon completion of the share transfers and until immediately before Reorganisation, Elegance Document Solutions had issued share capital of 5,000,000 shares, of which 4,999,999 shares was held by Elegance Finance Printing Services HK and 1 share was held by Mr. So (as trustee for Elegance Finance Printing Services HK). Upon completion of the Reorganisation, Elegance Document Solutions became an indirect wholly-owned subsidiary of our Company.

Our subsidiaries in the BVI

Elegance Printing Holding BVI

Elegance Printing Holding BVI was incorporated in the BVI on 8 February 2017 as a limited liability company and is authorised to issue a maximum of 50,000 shares of a single class of US$1.00 each. At the time of its incorporation and as at the Latest Practicable Date, it was held as to 100% by our Company. Elegance Printing Holding BVI is an investment holding company.

Elegance Printing Services Holding BVI

Elegance Printing Services Holding BVI was incorporated in the BVI on 14 February 2017 as a limited liability company and is authorised to issue a maximum of 50,000 shares of a single class of US$1.00 each. At the time of incorporation and as at the Latest Practicable Date, it was held as to 100% by our Company. Elegance Printing Services Holding BVI is an investment holding company.

Excluded Businesses

Elegance International Holding BVI

Elegance International Holding BVI is a limited company incorporated in the BVI on 1 April 2008, and is an investment holding company. During the Track Record Period, in addition to holding the equity interest in Elegance Finance Printing Services HK and various dormant companies which were in the process of winding-up, it also held the equity interest in other companies which were engaged in (i) printing business in the PRC; (ii) marketing and design business; (iii) storage and warehouse business; and (iv) property investment in Hong Kong. They are not included in our Group given the delineated business nature from our Group's business as discussed below.

Printing business in the PRC

Elegance Integration is a limited company incorporated in Hong Kong on 10 November 1999. As at 1 April 2015, it was owned as to 57.5% by Elegance International Holding BVI (indirectly through a holding company), 5.3% by Mr. So while the remaining 37.2% minority equity interest was then held by Independent Third Parties. Elegance Integration (through its subsidiaries in the PRC) was primarily engaged in printing business in the PRC. Documents and books printed by Elegance Integration are generally books to be exported to ultimate customers located overseas (which were generally book publishers), and would be shipped to them overseas after printing. At the same time, the target customers of the commercial printing business of our Group were mainly banks, insurance companies, book publishers and advertising agents based in Hong Kong. Given the different nature of business in terms of geographical locations, business models, products produced and target customers, our Directors are of the view that there is a clear delineation of the business of Elegance Integration and the business of our Group. With a view to concentrate resources and management time in our core business, Elegance Integration was disposed to two Independent Third Parties on 31 March 2016 at a consideration of HK$1 and HK$1, respectively, with reference to the then net loss position.

Marketing and design business

Elegance iMedia Marketing is a limited company incorporated in Hong Kong on 26 January 1998. As at 1 April 2015, it was owned as to 70% by Elegance International Holding BVI (indirectly through a holding company), 15% by Mr. So and the remaining 15% minority interest was held by an Independent Third Party. Elegance iMedia Marketing was primarily engaged in the business of marketing and design consultancy services. Given the different nature of business and with a view to concentrate resources and management time in our core business, Elegance iMedia Marketing was disposed to the minority shareholder in March 2016 at a consideration of HK$1 with reference to the then net loss position.

Storage and warehouse business

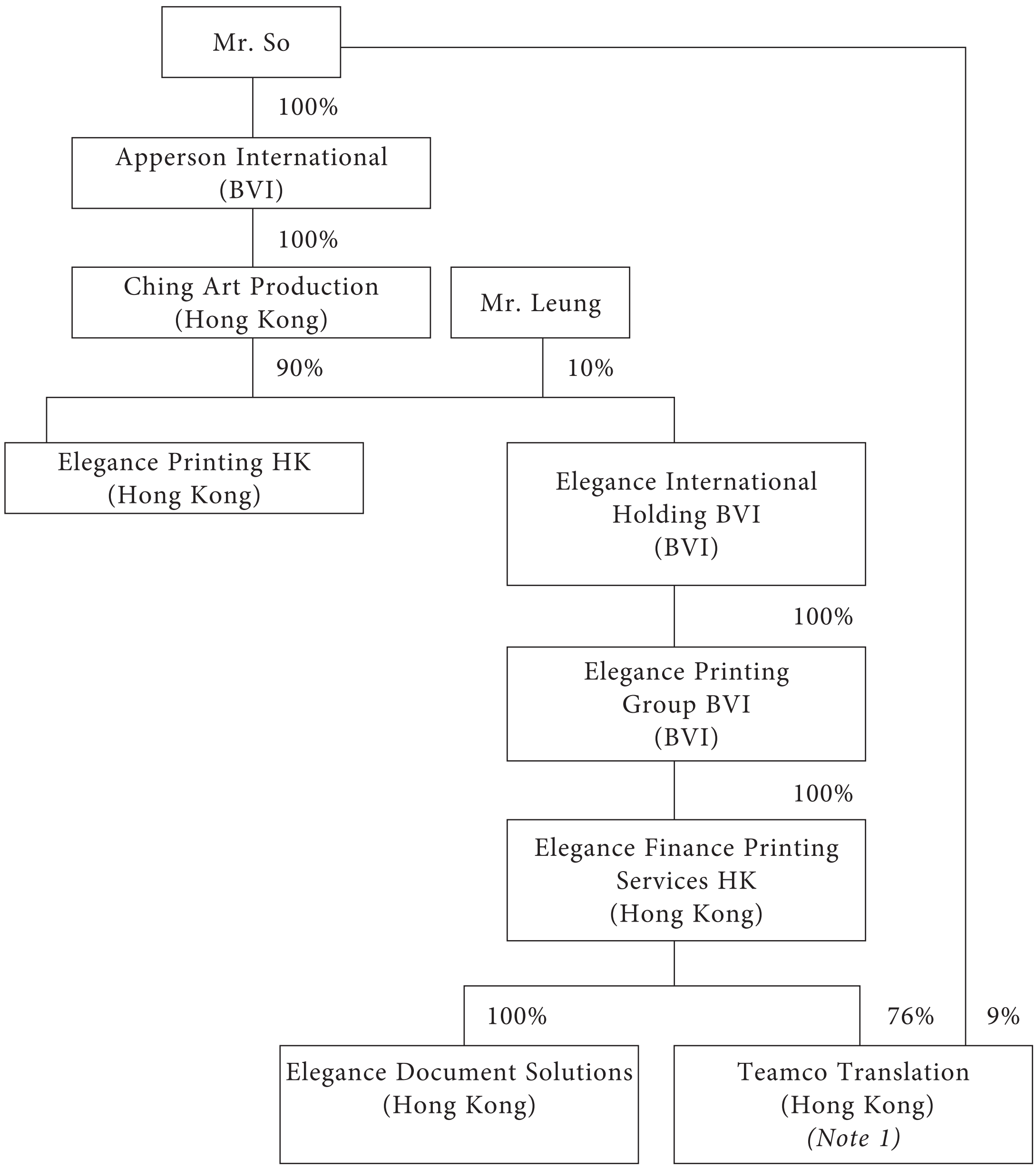
Perfect Logistics is a limited company incorporated in Hong Kong on 13 October 2004. As at 1 April 2015, it was owned as to 87% by Elegance International Holding BVI (indirectly through a holding company) and 13% by Mr. So, respectively. Perfect Logistics is primarily engaged in the business of storage and warehouse business in Hong Kong. In light of the clear delineation between its business and the business of our Group, Perfect Logistics is retained by Elegance International Holding BVI and was not included in our Group as part of the Reorganisation. As at the Latest Practicable Date, Perfect Logistics had ceased operations, and will be liquidated following the necessary administrative procedures.

Global Window

Global Window is a limited company incorporated in Hong Kong on 28 July 2000. As at 1 April 2015, it was owned as to 100% by Elegance International Holding BVI. It is primarily engaged in the business of property holding in Hong Kong, and owns the premises which is currently rented to our Group as our production base in Shaukeiwan, Hong Kong. For details, please refer to the section headed "Connected Transactions" in this prospectus.

REORGANISATION

The following chart sets forth our Group's corporate and shareholding structure immediately before our Reorganisation:



Note:

1. Remaining 225,000 shares representing 15% shareholding interest in Teamco Translation is held by Ms. Wong (who is a member of the senior management of our Group).

2. For details of excluded businesses which was not included in our Group after Listing, please see the section headed "History, Reorganisation and Corporate Structure — Excluded Businesses" above.

In order to prepare for the Listing, we underwent the Reorganisation which involved the following steps:

(1) Transfer of shares by Mr. So to our Group companies

On 30 November 2016, Mr. So transferred 135,000 shares in Teamco Translation to Elegance Finance Printing Services HK for a consideration of approximately HK$232,700 which was determined with reference to the net asset value of Teamco Translation as at 31 October 2016.

On the same day, Mr. So transferred one share in Teamco Translation held by him on trust for Elegance Finance Printing Services HK back to it at nil consideration.

Upon completion of the above transfers, Teamco Translation was owned as to 1,275,000 shares (representing 85% of the shareholding interest) by Elegance Finance Printing Services HK and 225,000 shares (representing 15% of the shareholding interest) by Ms. Wong (a member of our senior management team of our Group).

On 14 December 2016, Mr. So transferred one share in Elegance Finance Printing Services HK held by him on trust for Elegance Printing Group BVI back to Elegance Printing Group BVI at nil consideration. Upon completion of the transfer, the issued shares of Elegance Finance Printing Services HK were wholly-owned by Elegance Printing Group BVI.

On 14 December 2016, Mr. So transferred one share in Elegance Document Solutions held by him on trust for Elegance Finance Printing Services HK back to Elegance Finance Services HK at nil consideration. Upon completion of the transfer, the issued shares of Elegance Document Solutions were wholly-owned by Elegance Finance Printing Services HK.

(2) Incorporation of corporate shareholders of our Company

On 20 December 2016, Colorful Bay was incorporated as a limited company under the laws of the BVI to act as an investment vehicle. As at the date of incorporation of Colorful Bay, it was authorised to issue a maximum of 50,000 shares of a single class of US$1.00 each and, of which one share was issued to an initial subscriber, which transferred the one share to Mr. So at par on the same date. Accordingly, Mr. So became the sole shareholder of Colorful Bay.

On 20 December 2016, Deep Champion was incorporated as a limited company under the laws of the BVI to act as an investment vehicle. As at the date of incorporation of Deep Champion, it was authorised to issue a maximum of 50,000 shares of a single class of US$1.00 each and, of which one share was issued to an initial subscriber, which transferred the one share to Mr. Leung at par on the same date. Accordingly, Mr. Leung became the sole shareholder of Deep Champion.

On 20 December 2016, Glorytwin was incorporated as a limited company under the laws of the BVI to act as an investment vehicle. As at the date of incorporation of Glorytwin, it was authorised to issue a maximum of 50,000 shares of a single class of US$1.00 each and, of which one share was issued to an initial subscriber, which transferred the one share to Colorful Bay. On the same day, Glorytwin allotted 89 shares to Colorful Bay and 10 shares to Deep Champion at par. Accordingly, Glorytwin is owned as to 90% by Colorful Bay and 10% by Deep Champion.

(3) Incorporation of our Company

On 24 January 2017, our Company was incorporated as an exempted company under the laws of the Cayman Islands with limited liability to act as the ultimate holding company of our Group. As at the date of incorporation of our Company, its authorised share capital was HK$380,000 divided into 38,000,000 Shares of HK$0.01 each and, which one Share was issued to an initial subscriber, which transferred the one Share to Glorytwin at par on the same day. Since then, our Company was owned as to 100% by Glorytwin.

(4) Incorporation of the BVI intermediary holding companies

On 8 February 2017, Elegance Printing Holding BVI was incorporated in the BVI as an intermediate holding company of our Group. Elegance Printing Holding BVI is authorised to issue a maximum of 50,000 shares of a single class of US$1.00 each. One share was allotted and issued as fully paid, to our Company. Accordingly, Elegance Printing Holding BVI became a direct wholly-owned subsidiary of our Company.

On 14 February 2017, Elegance Printing Services Holding BVI was incorporated in the BVI as an intermediate holding company of our Group. Elegance Printing Services Holding BVI is authorised to issue a maximum of 50,000 shares of a single class of US$1.00 each. One share was allotted and issued as fully paid to our Company.

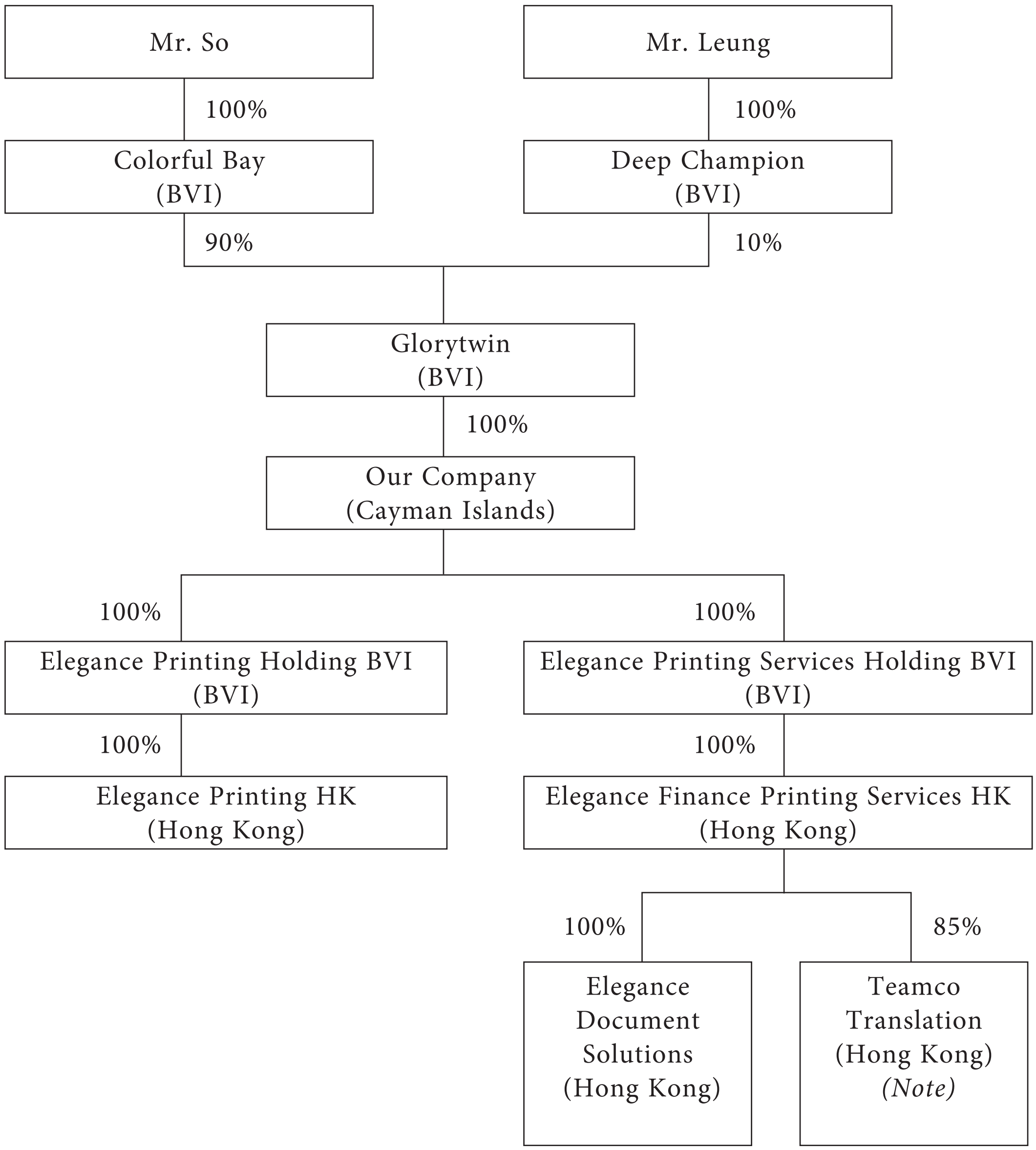
(5) Transfer of shares in Elegance Printing HK and Elegance Finance Printing Services HK

On 30 April 2017, Ching Art Production and Mr. Leung transferred 990,000 shares and 110,000 shares of Elegance Printing HK respectively (representing 90% and 10% shareholding interest) to Elegance Printing Holding BVI in consideration of Elegance Printing Holding BVI allotting 10 shares to our Company. Upon completion of the transfer, Elegance Printing HK was owned as to 100% by Elegance Printing Holding BVI and became an indirectly wholly-owned subsidiary of our Group.

On 30 April 2017, Elegance Printing Group BVI transferred 1,000 shares representing 100% equity interest in Elegance Finance Printing Services HK to Elegance Printing Services Holding BVI in consideration of Elegance Printing Services Holding BVI allotting 10 shares to our Company. Upon completion of the transfer, Elegance Finance Printing Services HK was owned as to 100% by Elegance Printing Services Holding BVI and became an indirectly wholly-owned subsidiary of our Group.

Based on the foregoing arrangements as agreed by the parties, the said transfers of shares in Elegance Printing HK and Elegance Finance Printing Services HK were properly and legally completed and settled on 30 April 2017.

The corporate structure of our Group after the Reorganisation but immediately prior to the Capitalisation Issue and the Share Offer is set out below:

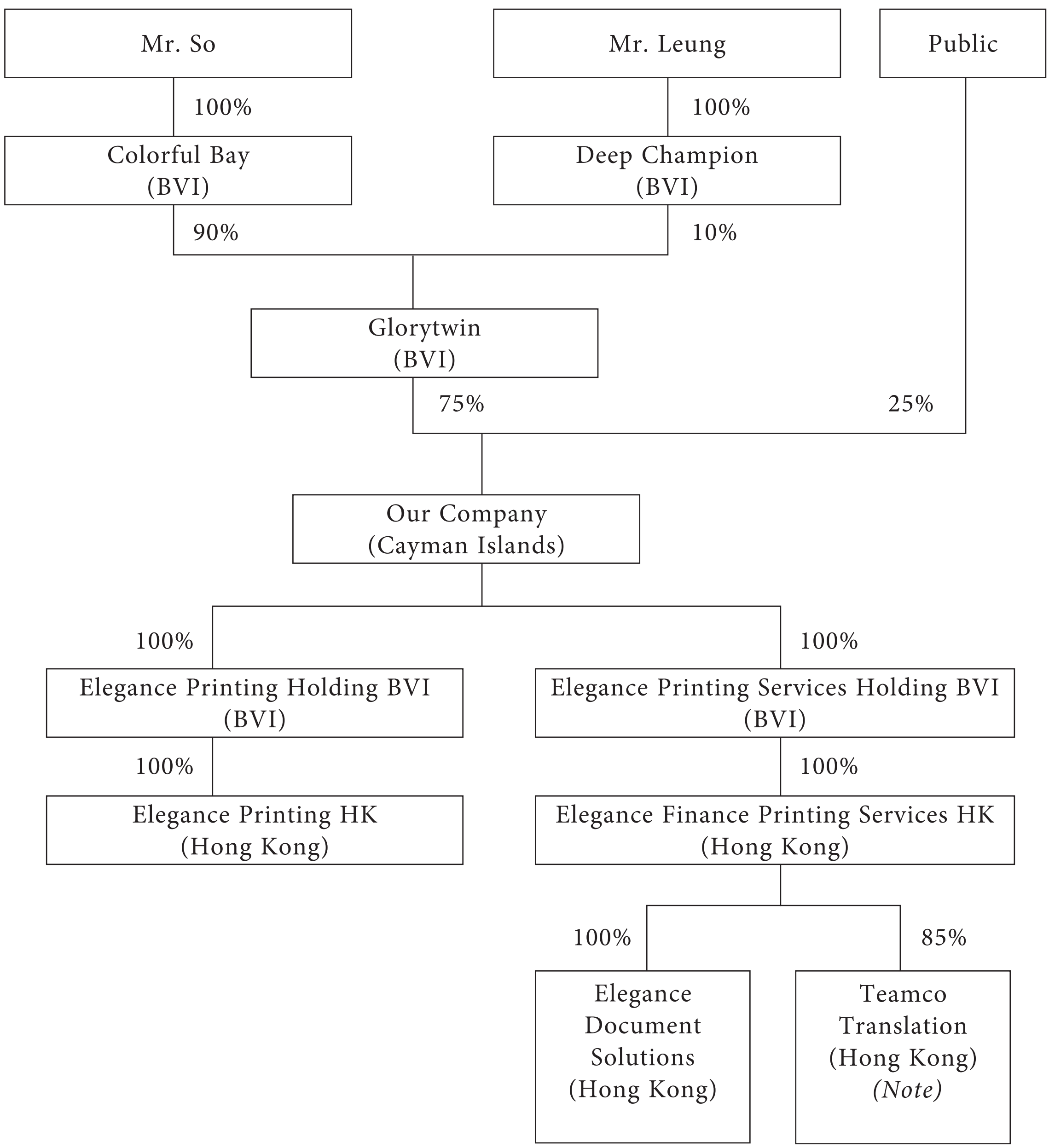


Note: Remaining 225,000 shares representing 15% shareholding interest in Teamco Translation is held by Ms. Wong (who is a member of the senior management of our Group).

Capitalisation Issue

Conditional upon the creation of our Company's share premium account as a result of the issue of the new Shares pursuant to the Share Offer, an amount of HK$3,299,999.99 standing to the credit of the share premium account of our Company will be capitalised by applying such sum towards paying up in full at par a total of 329,999,999 Shares for allotment and issue to the then existing Shareholders.

The following chart sets forth our shareholding structure immediately following completion of the Share Offer and Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options that may be granted under the Share Option Scheme):



Note: Remaining 225,000 shares representing 15% shareholding interest in Teamco Translation is held by Ms. Wong (who is a member of the senior management of our Group).

OVERVIEW

We are an established printing service provider which principally provide commercial printing and financial printing services in Hong Kong. According to the F&S Report, we had a market share of approximately 0.5%, 0.8%, 4.5%, 2.9% and 1.6% in the overall printing service industry, book printing service industry, educational textbook printing services industry, commercial printing service industry and financial printing service industry in Hong Kong respectively for the year ended 31 March 2017, and ranked second among commercial printing service providers (excluding publication printing such as textbooks) in Hong Kong in terms of revenue for the year ended 31 March 2017. Commencing our business in April 1980, we have over 38 years of experience in the commercial printing industry in Hong Kong. Our customers for commercial printing services include reputable banks, insurance companies, corporate customers and their advertising agents, and fund houses in Hong Kong. In 1995, leveraging our strength and reputation in the printing industry, we expanded our business into financial printing services to listed companies and listing applicants in Hong Kong.

Our printing business can be broadly divided into three categories as follows:

(i) **Commercial printing** — we print promotional and advertising documents, such as brochures and leaflets for our commercial customers such as banks, insurance companies, corporate customers and their advertising agents and fund houses in Hong Kong. Our commercial printing services range from designing covers, layout and artwork of the documents, typesetting, printing, binding, lettershopping and/or direct mailing. In addition to printing promotional and advertising documents, some customers may require us to print secured customised data such as compliance documents for banks and insurance companies to their account or policy holders, as well as cash coupons of retails stores with coupon numbers and barcodes for identification and anti-counterfeit purposes. We also print textbooks and related educational publication for a book publisher in Hong Kong, whose materials are used in pre-primary, primary and secondary schools in Hong Kong.

(ii) **Financial printing** — we print IPO prospectuses and application forms for listing applicant customers, financial reports (such as interim reports and annual reports) and other compliance documents (such as announcements and circulars) for listed company customers. Our financial printing services range from designing the cover, layout and artwork of the documents, typesetting, translation, uploading the documents to the Stock Exchange's website, printing, and/or distribution services for listing applicants in respect of listing on the Stock Exchange and companies listed on the Stock Exchange. We also recorded a small portion of revenue for financial printing service in respect of annual reports for unlisted companies/non-listing applicants and public institutions.

(iii) **Others** — we also provide standalone ad hoc design and artwork, and/or translation services to corporate customers (which are not related to listing matters) on a case by case basis.

Our printing business is supported by our inhouse printing production factory located at No. 8, A Kung Ngam Village Road, Shaukeiwan, Hong Kong, with a usable area of approximately 52,860.7 sq. feet and an annual production capacity of approximately 77.0 million sheets for offset printing for the year ended 31 March 2017, as well as our inhouse translation team in Hong Kong, which enables us to maintain timely and responsive printing and translation services to our commercial and financial printing customers. According to the F&S Report, our established printing facility in Hong Kong is one of our competitive advantages as compared with other market players.

We have established close and stable relationships for over 10 years with most of our five largest customers during the Track Record Period, which consist of reputable banks, an insurance company, a trust company, a marketing agency and a book publisher. In particular, we have established business relationship with the Hong Kong branch of one of the world's largest banking and financial services organisations serving customers worldwide for over 29 years. We place strong focus on quality control and invested in latest model of printing machines and equipment such as specialised paper-folding machines and digital printers, which enable our Group to handle sizable deals and timely delivery to our customers in relation to our direct mailing services. We are environmental conscious. According to the F&S Report, our Group was one of the first batch of printing service providers in Hong Kong to use FSC/CoC certified papers for commercial printing services.

The following diagram illustrates our principal businesses during the Track Record Period and as at the Latest Practicable Date:

PRINTING SERVICES

Commercial printing	**Financial printing**	**Others**
• Provision of commercial printing services, ranging from designing, typesetting, printing, binding, lettershopping to direct mailing • Printed products include leaflets, brochures, marketing and promotion materials, textbooks and publication materials	• Provision of financial printing services, ranging from design and artwork, typesetting, translation, uploading, printing, and/or delivery • Products include IPO prospectuses, financial reports, other compliance documents	• Provision of standalone ad hoc design and artwork, and/or translation services
• Banks • Insurance companies, fund houses and trust companies • Corporate customers and their advertising agents • Print brokers • Book publisher	• Applicants for listing on the Stock Exchange • Companies listed on the Stock Exchange • Other financial printer who outsourced their work to our Group • Unlisted companies/ non-listing applicants and public institutions	• Corporate customers

Set out below is a breakdown of our revenue by services category during the Track Record Period:

	For the year ended 31 March				For the seven months ended 31 October	
	2016		2017		2017	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Commercial Printing	72,161	73.4	56,059	67.1	31,332	64.3
Financial Printing	24,910	25.3	25,605	30.7	16,366	33.5
Others	1,289	1.3	1,874	2.2	1,062	2.2
Total	98,360	100.0	83,538	100.0	48,760	100.0

For the two years ended 31 March 2017 and the seven months ended 31 October 2017, our revenue was approximately HK$98.4 million, HK$83.5 million and HK$48.8 million respectively, while our net profit was approximately HK$1.8 million, HK$2.0 million for the two years ended 31 March 2017 respectively and our net loss was approximately HK$5.2 million for the seven months ended 31 October 2017.

OUR COMPETITIVE STRENGTHS

We believe that our business development and market position in the commercial and financial printing markets is supported by the following competitive strengths:

Long operational history and well-established reputation in printing industry

Our history can be traced back to April 1980 when the founder of our Group, Mr. So, established the printing business as a sole proprietorship known as "Elegance Printing Co." to carry on printing business. In April 1992, Elegance Printing HK (our first operating subsidiary) was incorporated and commenced business in commercial printing. Subsequently, we gradually expanded into the financial printing service in March 1995. During our long history of operation, we continuously strive to provide high standard and reliable services to our customers, and place strong focus on quality control and invested in latest models of printing machines and equipment, which enable us to build up our reputation in the printing industry.

We believe our management's long-established presence in the printing industry gives our customers confidence in our ability to complete quality works in a timely manner. Our long-established reputation in the commercial printing service also benefits our financial printing service, which was been gradually developing over the years. We strive to maintain close relationship with customers from all segments in order to maintain a close and long-term business relationship. Please refer to the section headed "Business — Our Competitive Strengths — Established and stable customer base with reputable customers" below for further details regarding our success and strength in maintaining long-term relationship with reputable customers.

As set out in the F&S Report, business relationship is one of the major entry barriers for commercial printing services industry, while track record and service level are among the major entry barriers of financial printing services industry. For commercial printing, most customers choose to establish close business relationships with existing commercial printing service providers due to preference for previous experience, quality and cost. Investment banks, listed companies as well as listing applicants usually have a strong preference for financial printers with proven track record. For details, please refer to the section headed "Industry Overview" in this prospectus. Accordingly, based on the long history of our business and established relationship with such reputable customers, our Directors believe that we have a proven track record and the capability of delivering our jobs timely and to the satisfaction of our customers, and that we would have an advantage in continuously obtaining orders from them.

Leading position in commercial printing market in Hong Kong with strong brand recognition

According to the F&S Report, we ranked second among the commercial printing service providers (excluding publication printing such as textbooks) in Hong Kong in terms of revenue for the year ended 31 March 2017. Leveraging our market position and the effort of our management team, our Group maintained business relationship of over 10 years with most of our five largest customers during the Track Record Period. According to the F&S Report, our Group's market share in the financial printing services industry (excluding unlisted companies/non-listing applicants and public institutions) in Hong Kong in the year ended 31 March 2017 in terms of revenue accounted for approximately 1.6%.

According to the F&S Report, the size of the commercial printing services industry (excluding publication printing) in Hong Kong in terms of revenue reached approximately HK$1,625.3 million in 2016 and is expected to increase to approximately HK$1,820.7 million in 2021. The market size of financial printing services industry (excluding unlisted companies/non-listing applicants and public institutions) in Hong Kong in terms of revenue reached approximately HK$1,647.9 million in 2016 and is expected to increase to approximately HK$2,190.1 million in 2021. Our Directors believe that with our leading market position as discussed above and strong brand recognition, we are well-positioned to benefit from further growth in the industry in Hong Kong.

Accordingly, our Directors believe that there is a large potential to grow in the financial printing industry. According to the F&S Report, having our inhouse printing production factory is one of our competitive advantages in terms of commercial printing. We believe that this advantage coupled with our leading market position in the commercial printing industry in Hong Kong will provide us with the advantage in the growth of the financial printing industry.

We have our own inhouse printing production factory and inhouse translation team in Hong Kong

According to the F&S Report, most commercial printing service providers outsource their works (including core works such as printing at the press stage) to other printing companies or have production bases located in the PRC. Our printing production factory in Shaukeiwan, Hong Kong, would enable us to maintain timely and responsive printing services and that we can conduct core works such as printing on paper products at the press stage at our inhouse printing production factory. We are able to better monitor the quality of printed products as we have a stringent quality control system during the production process. Accordingly, our Directors believe that our persistence in maintaining the quality of services is our competitive advantage to maintain our business relationship with our customers. For more details, please refer to the section headed "Business — Quality Control" below.

We have our own inhouse translation team to ensure that our customers could receive timely, responsive and quality translation services. Only a small portion of our translation works were conducted by external freelance translators and translation companies, recording a subcontracting fee for translation works of approximately HK$2.6 million, HK$1.9 million and HK$0.5 million for the two years ended 31 March 2017 and the seven months ended 31 October 2017, respectively, which represented only approximately 3.5%, 3.1% and 1.5% of the total cost of services for the same periods. According to the F&S Report, most financial printers in Hong Kong do not have such inhouse translation team. We believe that we are able to better control the quality of in-house translation work as the in-house translators have received relevant trainings and are supervised by our senior translator team.

In addition, we are able to better estimate the costs and the time schedule for delivery of translation work as we do not need to rely on the availability of external translators when we need their services, which may result in higher translation costs and delay in completing the translation work.

According to the F&S Report, our inhouse translator capability is one of our competitive advantages against the other market players in terms of quality of deliverables, production lead time and resource management. Please see also the section headed "Industry Overview — Competitive Advantages of our Group" in this prospectus.

We have an experienced management team with profound industry knowledge

We are led by an experienced management team. Our management team has extensive industry experience and a proven track record in the provision of commercial printing and financial printing services. Led by our executive Directors, most of our management team members have over 20 years of experience in this industry. In particular, Mr. So, our Chairman, executive Director and Chief Executive Officer has more than 38 years of experience in this industry. Further information about our Directors and senior management is set out in the section headed "Directors and Senior Management" in this prospectus.

Our Directors believe that the collective experience and knowledge of our management team would enable our Group to understand the needs of our customers and industry trends in a timely and efficient manner, as well as formulating and implementing our business strategies to drive our future growth.

Established and stable customer base with reputable customers

Over the years, we have built up a solid and stable customer base in Hong Kong. Our Group has established long and stable business relationships with our major customers as discussed below. We are committed to deliver satisfactory customer services. We contact our customers on a regular basis to collect customers' feedback on the quality of our products and we adjust our products based on feedbacks received.

Our five largest customers during the Track Record Period include leading banks in Hong Kong with international branches coverage, an internationally renowned book publisher, an insurance company, a trust company and a marketing agency, and our revenue attributable to them accounted for approximately 50.9%, 35.0% and 34.4%, respectively, of our total revenue for the two years ended 31 March 2017 and the seven months ended 31 October 2017. In general, we have established over 10 years of business relationship with most of our five largest customers during the Track Record Period. In particular, we have established business relationship with our largest customer which is a leading bank with international branch coverage for around 29 years. Our Directors believe that such established relationship illustrates that our service quality is of the highest standard, and we are able to meet the rigid standards of established and leading corporate customers throughout the years. For further details regarding our cooperation with our customers, please refer to the section headed "Business — Sales and Marketing — Customers" in this prospectus.

These reputable customers have high standards of quality control requirements and would expect a high quality of services from its service providers. Accordingly, our Directors believe that the strength and depth of the relationships which our Group has built with our customers is a direct result of our competitive strength in the industry. We believe that our success in establishing stable and long term customer relationships with such reputable customers has demonstrated our strength in delivering high quality of products and services in a consistent, timely and efficient manner.

Moreover, according to the F&S Report, in the commercial printing industry, most customers choose to establish business relationships with their existing printing service providers. For financial printing industry, customer referral is common in the industry as investment banks and professional parties usually refer financial printers based on portfolio, experience, service and scale of operations. For details, please refer to the section headed "Industry Overview" in this prospectus. During the Track Record Period, we have approximately 150 and 70 customers for commercial printing and financial printing services, respectively. Accordingly, we believe we would benefit from our customer base in obtaining orders from existing and new customers.

Well-established printing facilities and stringent quality control

According to the F&S Report, our well-established printing production factory in Hong Kong is a competitive advantage compared with the other market players. Our printing production factory is supported by specialised paper-folding machines and digital printers for effective production of direct mailing materials, which enable our Group to handle sizable deals and deliver the products to our customers in a timely manner. In view of the trend of environmental protection, according to the F&S Report, our Group was one of the first batch of printing service providers in Hong Kong to use FSC/CoC certified papers for commercial printing. Furthermore, computer-to-plate was applied by our Group in printing process to minimise the generation of chemical waste. Such initiatives enable our Group to differentiate from other small-scale market players. Please see also the section headed "Industry Overview — Competitive Advantages of our Group" in this prospectus.

In addition, we are committed to providing high quality products and services, and we have adopted a stringent quality control policy. We also believe that a good assurance system is a reliable mechanism to ensure the quality of our products and services, thus increasing our customers' confidence on our Group. Therefore, we place strong emphasis on quality control measures at our production process. Our factory supervisor, who has over 32 years of experience in printing industry, is responsible for overseeing the overall quality control of our production, while quality control measures will be adopted at each of the production steps. We monitor our production processes, and conduct performance and reliability check in an attempt to ensure that our products have a low defect rate and meet the expectations of our customers. Renowned customers of our Group (such as banks, insurance companies and book publisher) would maintain a high standard of quality control over printing jobs placed by them. Accordingly, our well established relationships with such customers also symbolises their confidence in our quality control. Please see also the section headed "Business — Our Competitive Strengths — Established and stable customer base with reputable customers" above. For further information on our quality control policy, please refer to the section headed "Business — Quality Control" below.

OUR BUSINESS STRATEGIES

We intend to continue to expand our market share and strengthen our market position of our business and expand revenue sources by implementing the following business strategies.

Continue organic growth by solidifying existing customer relationship and developing new relationship

According to the F&S Report, the size of the commercial printing services industry in Hong Kong (excluding publication printing such as textbooks) in terms of revenue reached approximately HK$1,625.3 million in 2016 and is expected to increase to approximately HK$1,820.7 million in 2021. The market size of financial printing services industry (excluding unlisted companies/non-listing applicants and public institutions) in Hong Kong in terms of revenue reached approximately HK$1,647.9 million in 2016 and is expected to increase to approximately HK$2,190.1 million in 2021. For details, please refer to the section headed "Industry Overview" in this prospectus.

Leveraging on our competitive strength as well as our industry knowledge and experience, we aim to broaden our customer base, enhance our position as well as increase our market share by strengthening our sales and marketing activities. We target to strengthen our marketing and communication activities with existing customers and potential customers and increase the number of experienced sales personnel with a view to understanding their up-to-date needs and capturing business opportunities.

While we will continue to enhance our existing business and enlarge the customer base of commercial printing business, in view of the decline in our revenue generated from commercial printing services mainly for direct mailing service, we will increase our effort in other areas, in particular targeting textbooks and related publication for commercial printing and listing applicants for financial printing. We expect that the rate of growth in our revenue generated from textbooks and related publication for commercial printing will be higher than the expected market growth as a whole, mainly contributed by the expected growth of revenue generated from Customer B, which was our largest customer for the seven months ended 31 October 2017, and such growth is expected by our Directors having considered the growth of revenue generated from Customer B during the Track Record Period. Based on the trend for our business, we intend to further develop our financial printing business, in particular for IPO projects, as well as solidifying relationship with existing customers, in particular, for textbooks and related publication. Therefore, we expect to recruit around three new sales personnel with experiences in financial printing industry (with one of them also be expected to have experience in publication or commercial printing industry and in the event that none of them has commercial printing background, they will all focus in financial printing, while our existing sales personnels will then focus on both commercial and financial printing), and with their expected experiences and network in the financial printing and commercial printing industry, we aim to capture the market growth in financial printing, as well as better targeting customers for commercial printing, by attending more promotional events, industry events and exhibitions, including exhibitions held by Hong Kong Trade Development Council and events and activities organised by societies and associations of the commercial and financial printing industry of Hong Kong from time to time (for example, for financial printing, annual corporate and regulatory update conference, capital market forums, annual dinner and supporting events held by these organisations, which some of the investment bankers, accountants and lawyers with potential referrals would attend, and for commercial printing, book fair, international printing and packaging fair and exhibition on international corporate finance), in order to meet our existing and potential customers, as well as providing us more referrals based on their established network in commercial and financial printing industry, so as to diversify our customer base. The three new sales personnel are expected to have at least five years of experience in the commercial and/or financial printing industry to be recruited from other reputable or sizeable commercial or financial printing firms in Hong Kong. While these three new sales personnel will be responsible for both commercial printing and financial printing services, their major responsibility will be to secure new IPO projects for financial printing services. They are also expected to have connections with investment banks, law firms and/or accounting firms engaging in IPO practices, so that they will be able to secure IPO projects, in order to enhance the utilization rate of the new conference rooms which we expect to establish with the acquisition of new office space. To meet our targeted growth for financial printing services, each of these new sales personnels will be expected to obtain around two IPO projects during the financial year ending 31 March 2019, and around four IPO projects for each year in the long run.

We also intend to strengthen our existing relationships by enhancing our product quality through continuing strengthening our quality control and by offering new services which would capture our customers' needs. We will continue to maintain close communication with customers to understand their needs and respond to their feedbacks promptly. We believe this will increase the business opportunities with existing customers as well as increasing business referrals from them in respect of new customers.

Acquire a permanent office space for our business expansion in financial printing services

We currently operate our financial printing services business at Shun Tak Centre, Sheung Wan, Hong Kong. We lease the premises from an Independent Third Party, and the lease is expiring in May 2019. We consider that the acquisition of a permanent office space in Central, Sheung Wan or Admiralty would enable us (i) to cope with our business expansion to further develop our financial printing services; (ii) to provide well equipped and comfortable conference rooms and office environment to our customers, which would enhance our competitiveness and attractiveness compared to our competitors; (iii) to invest in new equipment and hardware for financial printing services, which would enhance our quality of service; and (iv) to mitigate the risk of increasing rental expenses.

We budget the total purchase price, including the associated transaction costs such as commission, stamp duty and legal costs, as well as renovation costs, to be approximately HK$73.0 million to HK$84.0 million. We plan to apply approximately HK$37.0 million of the net proceeds from the Share Offer, while the remaining amount will be financed through our internal resources or bank borrowings.

Despite the fact that the occupancy rate of the financial printing conference rooms on working days of our existing Sheungwan office was approximately 42% during the seven months ended 31 October 2017, in view of the growing demand for financial printing due to new listing applications, and in light of the current physical limitation in the Sheungwan office, which only had two conference rooms available for financial printing and IPO projects, we expect to acquire a permanent office space with a gross floor area of approximately 2,000 sq. feet to 3,000 sq. feet, depending on the overall suitability, market climate and actual purchase cost. It is expected that with more conference rooms for financial printing and IPO projects available after acquiring new office space, the average revenue (including revenue generated from both commercial and financial printing) per sq. feet will increase from approximately HK$5,603, HK$5,614 and HK$3,838 for the two years ended 31 March 2017 and seven months ended 31 October 2017, respectively to around HK$6,141 during the year ending 31 March 2019. As at the Latest Practicable Date, we had not yet identified any target permanent office space, but our Directors confirmed that we would not purchase property from any connected person of our Company. We expect to search for the appropriate premises immediately after Listing. Subject to market climate and availability of suitable premises, we target to enter into sale and purchase agreement, complete the acquisition and establish the new office during the six months ending 31 March 2019. Please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus for further details.

Based on a 20-year cost saving analysis (based on cash flow analysis), the estimated costs of acquiring a property is approximately HK$93.0 million, while the estimated costs of leasing a property is approximately HK$113.3 million. The breakeven point will be at 18 years of acquiring a property, after which there would not be any additional costs of acquiring an office space (save and except for the government rent and rates, management fees and also the maintenance costs, which the Directors consider to be non-material in the analysis) as compared to the annual rental that needs to be paid in the case of renting an office space. Therefore, our Board considers that it is better to purchase and own a property than to rent a property. Besides, even if the purchased property is fully depreciated, the purchased property still has its market value and such value has not been taken into consideration in the analysis.

Upgrade and acquire new equipment, hardware and software for financial printing services

We intend to enhance our service and IT capacity by upgrading and acquiring new equipment, hardware and software for our financial printing services. In particular, we will further enhance our hardware and software for desktop publishing and typesetting, etc. by purchasing new hardware and software in order to enhance job performance and our customers' experience for listing applicants, as well as to enhance our ability to handle the increasing workload arising from our expanding business in a more efficient manner. Training will be provided to our staff to ensure they will be able to fully capture and utilise the functions of the software and provide optimal and efficient services to our customer. We also aim to upgrade and enhance our IT server to further improve the efficiency and stability of our services. Additional IT equipment will also be purchased for the new office for our financial printing services.

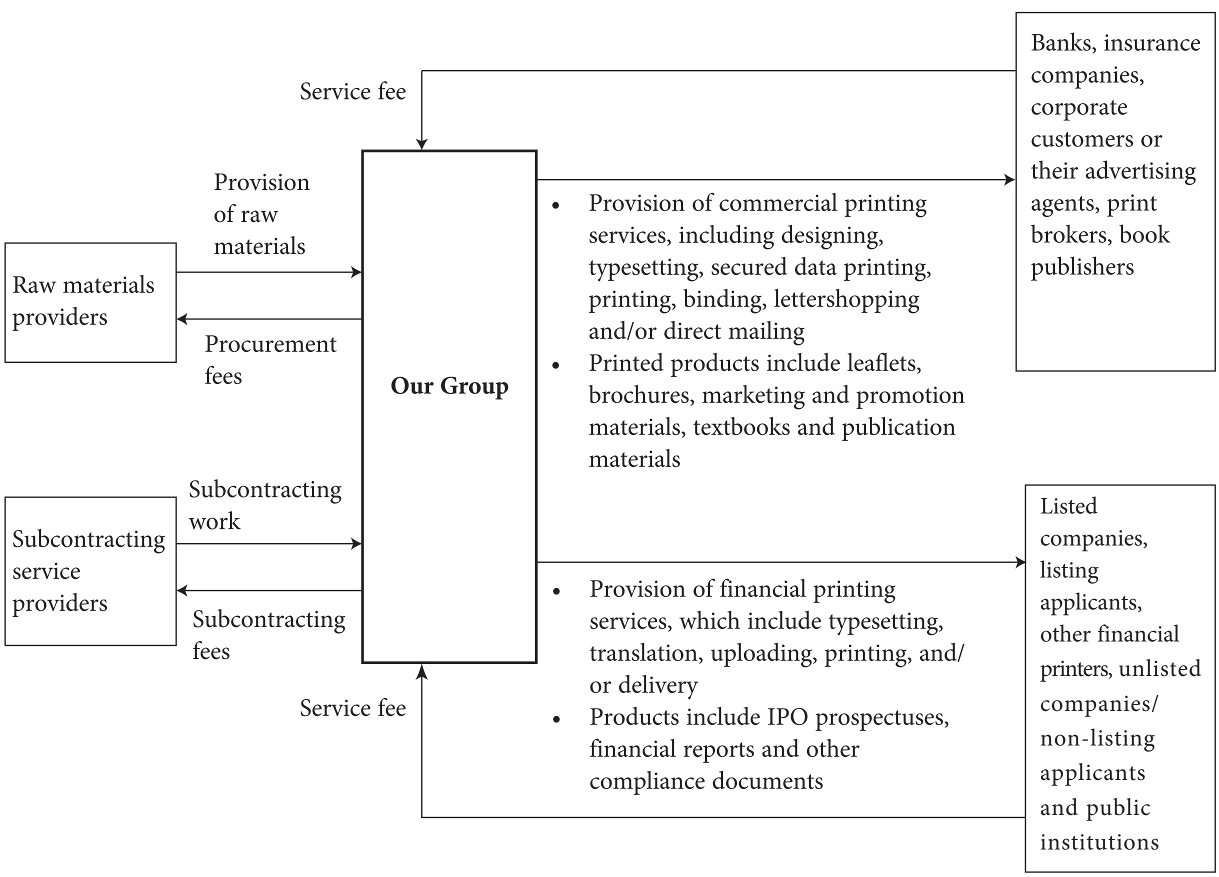
Continue to attract and retain top talent in the industry

In order to broaden our sales network and customer base, we intend to expand and enhance our sales and marketing team by recruiting more sales personnel as discussed in the section headed "Business — Our Business Strategies — Continue organic growth by solidifying existing customer relationship and developing new relationship" above. In addition, we also plan to recruit more operation staff such as customer service and translation staff for development of our financial printing services. While we already have an established inhouse translation team, we aim to continuously further enhance this advantage and increase our capacity in taking up financial printing works by increasing the number of translators.

We aim to attract talents by offering career development opportunities through internal training and close guidance by senior staff, with a view to enhancing their technical and management skills, as well as promotion and advancement opportunities.

OUR BUSINESS MODEL

The following chart summarises the business model of our Group:



During the Track Record Period and as at the Latest Practicable Date, our business primarily included provision of commercial printing services and financial printing services to our customers in Hong Kong. We have our own production base in Hong Kong to provide one-stop solutions to our customers from designing, typesetting, translation, printing, binding, lettershopping to direct mailing. For details, please refer to the section headed "Business — Our Products and Services" below.

During the Track Record Period, save for some parts of our works as set out in the section headed "Business — Procurement and Suppliers — Suppliers and subcontractors" below, we did not outsource any part of the production process.

Our raw materials primarily include papers and printing materials such as printing plates, ink and chemicals. For details, please refer to the section headed "Business — Procurement and Suppliers — Raw materials" below. We also lease some of our printing machines from internationally renowned printing equipment provider(s).

OUR PRODUCTS AND SERVICES

Set out below is a breakdown of our revenue by services/products category during the Track Record Period:

	For the year ended 31 March				For the seven months ended 31 October			
	2016		2017		2016		2017	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000 (unaudited)*	*%*	*HK$'000*	*%*
Commercial Printing								
— Direct mailing materials	38,589	39.2	17,876	21.4	12,746	24.3	8,587	17.6
— Promotional and marketing materials	26,717	27.2	29,455	35.3	14,898	28.4	16,222	33.3
— Textbooks and related publication materials *(Note 1)*	6,855	7.0	8,728	10.4	6,955	13.3	6,523	13.4
Subtotal	72,161	73.4	56,059	67.1	34,599	66.0	31,332	64.3
Financial Printing								
— IPO prospectuses and application forms	222	0.2	4,644	5.6	1,346	2.6	2,972	6.1
— Financial reporting documents	10,755	10.9	10,467	12.5	8,159	15.6	8,063	16.5
— Compliance documents	13,466	13.7	10,124	12.1	7,409	14.1	5,088	10.4
— Works for unlisted companies/ non-listing applicants/public institutions	467	0.5	370	0.5	317	0.6	243	0.5
Subtotal	24,910	25.3	25,605	30.7	17,231	32.9	16,366	33.5
Others	1,289	1.3	1,874	2.2	587	1.1	1,062	2.2
Total	98,360	100.0	83,538	100.0	52,417	100.0	48,760	100.0

Note:

1. According to the F&S Report, publication printing is excluded from the commercial printing services market due to industry norm. Based on the industry norm, printing services industry can be generally divided into: packaging printing (printing on packaging), publication printing (including books, newspapers, journals, magazines, etc.), commercial printing (printing products for the purpose of business communication, marketing and sales promotion) and financial printing (documents and publications for IPO). From the perspective of the whole printing services industry, it would be more accurate to separate the publication printing from commercial printing because the overlap between the two segments is small. Given the facts that the textbook printing is a relatively small sub-segment in the publication printing and the revenue generated from textbook printing for the financial year ended 31 March 2017 accounted for approximately 10.4% of the total revenue for our Group, F&S is of the view that there is no major impact to include textbook printing in commercial printing for our Group in this section, while a separate discussion of commercial printing and publication printing in "Industry Overview" section of this prospectus is still considered a fair presentation for prospective investors. The Directors concur with the view of F&S as stated above. In addition, the revenue generated during the Track Record Period from "textbooks and related publication materials" had been separately disclosed under commercial printing services in this section. As such, the Directors believe that there is no major impact on including the textbook printing in commercial printing for the Group.

Commercial printing

- ***Services:***

We aim to provide one-stop solutions to our customers for their commercial printing needs, covering services ranging from designing the cover, layout and artwork of the documents, typesetting, printing, binding, lettershopping and/or direct mailing. Striving to provide one-stop solutions and ensuring consistent, timely and reliable quality of our printing services, during the Track Record Period and as at the Latest Practicable Date, we had our own printing production factory, which was located at No. 8 A Kung Ngam Village Road, Shaukeiwan, Hong Kong, with an annual production capacity of approximately 77.0 million sheets for the year ended 31 March 2017. Our printing production factory occupied a useable area of approximately 52,860.7 sq. feet as at the Latest Practicable Date. Having our own printing production factory provides us with the advantage in ensuring security and confidentiality of data and printed products as well as consistency in quality and timeliness of our printing capacity. In addition, our inhouse printing production factory also complements our financial printing services so that the printing work for our financial printing customers can be conducted at our factory. In addition to general printing services, our specialised area of services are set out below:

Secured data printing: Documents issued by banks and insurance companies to their customers often involve confidential and personally customised data of their customers, such as addresses, account numbers, insurance policy numbers as well as other personal data. Accordingly, the content of each printed document in the sale orders will vary between different customers of our bank, insurance company and fund house customers, which requires specialised software and hardware to support such secured data printing services. Substantial capital investment has been made by our Group in respect of our machineries and equipment for this purpose. We have printing systems and relevant software for printing in different paper size and data format, and can automatically process large volume of customised data for bank, insurance company and fund house customers. Our design and typesetting units for commercial printing services are located at our production base and is linked to our printing facilities to ensure confidentiality of information and to enhance efficiency. The above capability allows us to maintain stable relationship with reputable banks, insurance companies and fund houses in Hong Kong, especially at times when massive production of secured data to their customers is needed. For example, in 2001, we have proven our capability, efficiency and professionalism in successfully executing a project for a leading bank in Hong Kong with international branch coverage involving the processing and printing of secured data printing as well as direct mailing of over 3.7 million sets of documents in a time span of two weeks, which was completed error free and securely.

Lettershopping and direct mailing: We also provide a full array of lettershopping and direct mailing services. With the investment of automated folding and insertion machines (for making of envelopes and flipping and insertion of printed documents into the envelopes mechanically), we are able to provide lettershopping services for banks, insurance companies as well as other corporate customers which require large scale customised documents to be delivered to their end customers in a centralised environment. In addition, we also offer direct mailing services to such customers to dispatch the customised document printed by us through normal postal arrangement.

For the two years ended 31 March 2017 and the seven months ended 31 October 2017, revenue from our commercial printing services amounted to approximately HK$72.2 million, HK$56.1 million and HK$31.3 million respectively, represented approximately 73.4%, 67.1% and 64.3% respectively of our total revenue during the corresponding period.

- ***Products:***

Our printed products primarily include promotional and advertising documents, such as brochures and leaflets in relation to services and products of banks, insurance companies and other corporate customers. As discussed above, we may provide lettershopping and direct mailing services, under which the printed materials may be inserted into envelopes and mailed to recipients together with secured data or on a standalone basis. Our secured data printing usually covers documents such as on-going promotional updates and updates of general terms and conditions of banks and insurance companies to their account or policy holders. We also received orders from corporate customers for secured data printing such as cash coupons of retail stores (with coupon numbers and barcodes for identification and anti-counterfeit purposes).

During the Track Record Period, we also print textbooks and related publication for a book publisher for students of pre-primary, primary schools and secondary schools in Hong Kong.

Financial printing

- ***Services:***

Our financial printing services include designing the cover, layout and artwork of documents, typesetting, translation, uploading, printing, and/or distribution services for listing applicants in respect of listing on the Stock Exchange and listed companies on the Stock Exchange. With a view to maintaining quality and timely services, we maintain our in-house translation team for provision of English to Chinese and Chinese to English translation servies.

- ***Products:***

In general, IPO prospectuses and application forms are our products for listing applicant customers, while financial reports (such as interim reports and annual reports) and other compliance documents (such as announcements and circulars) are products for listed company customers. We also recorded a small portion of revenue for financial printing works in respect of various annual reports of unlisted companies/non-listing applicants and public institutions.

During the Track Record Period, we had completed two IPO projects. As at the Latest Practicable Date, there were five on-going IPO projects. For the two years ended 31 March 2017 and the seven months ended 31 October 2017, revenue from our financial printing services amounted to approximately HK$24.9 million, HK$25.6 million and HK$16.4 million respectively, represented approximately 25.3%, 30.7% and 33.5% of our total revenue respectively during the corresponding period.

Other services

During the Track Record Period, we generated a small portion of revenue through other services, primarily consisted of standalone ad hoc design and/or translation work ordered by corporate customers (which is not related to listing matters) on a case by case basis. For the two years ended 31 March 2017 and the seven months ended 31 October 2017, our revenue for other services amounted to approximately HK$1.3 million, HK$1.9 million and HK$1.1 million respectively, represented approximately 1.3%, 2.2% and 2.2% respectively of the revenue during the same periods.

Production facilities and capacity

Our printing business is supported by our inhouse printing production factory located at No. 8, A Kung Ngam Village Road, Shaukeiwan, Hong Kong, with a usable area of approximately 52,860.7 sq. feet and an annual production capacity of approximately 77.0 million sheets for offset printing for the year ended 31 March 2017. The premises was leased from Global Window, which is an associate of our Controlling Shareholders. As over 78.8%, 73.8% and 71.6% of printed documents (in terms of number of sheets) for the two years ended 31 March 2017 and the seven months ended 31 October 2017 respectively were printed by way of offset printing through our colour press printing machines, the analysis of our production capacity and utilisation rate is based on our colour press printing machines only.

The following table sets forth the production capacity, the production volume and the average utilisation rate of our offset printing production during the Track Record Period:

	Year ended 31 March		**Seven months ended 31 October**
	2016	**2017**	**2017**
Estimated maximum printing capacity (sheets per annum/period, million) *(Note 1)*	107.7	77.0	47.3
Actual printing output (sheets, million) *(Note 2)*	94.3	67.1	37.8
Estimated average utilisation rate *(Note 3)*	87.6%	87.1%	79.9%

Notes:

(1) Our production capacity during the corresponding period is calculated based on a theoretical production capacity of 9,000 sheets per hour, 6 production hours per day, 285 days for each of the two years ended 31 March 2017 and 175 days for the seven months ended 31 October 2017, taking into account the downtime required for the change of printing plates and colour adjustment. The decrease in estimated maximum printing capacity was primarily due to the disposal of various printing machines.

(2) Calculated based on the actual sheets printed during the relevant period.

(3) The utilisation rate is derived on the basis of the actual production volume divided by the production capacity of the production facility during the same period of time.

(4) Since most of our printed documents were printed by way of offset printing through our colour press printing machines, the above analysis of our production capacity and utilisation rate is based on our colour press printing machines only.

During the Track Record Period, in order to meet ad hoc orders which may be placed by our major customers from time to time, we reserved some production capacity to cater for such orders of these customers. We take the view that having such spare capacity in exchange for the ability to meet ad hoc orders from our major customers would benefit our business in the long run because it enables us to maintain a good business relationship with our major customers.

Major machineries and equipment

We utilise a number of machineries and equipment for each stage of our printing process, including pre-press, printing and post-press processing etc. The table below sets out the details of our major machineries and equipment used in our production process as at the Latest Practicable Date:

Type	**Number installed**	**Year of introduction**	**Approximate average remaining operational useful life (years)** *(Note 1)*
Colour press printing machines (for offset printing)	5	2007 to 2015	13.4
Digital press printing machines (for digital printing)	6	2012 to 2016	2.0
Computer-to-plate system	2	2007	0 *(Note 2)*
Paper folding machine	5	2001 to 2013	8.9
Automatic perfect binding system	1	1996	4.6
Automatic auto-stitcher	2	2005 and 2007	9.1
Automatic envelope making machine	2	2009 and 2012	12.2
Inserting machine	3	2006 to 2012	7.6
Cutting machine	4	1997 to 2013	10.8

Note:

(1) The remaining operational useful life of our major machineries and equipment is based on the management expectation, with reference to the life expectancy of the respective machines as confirmed by the corresponding suppliers of the machines.

(2) Since there is no confirmed life expectancy from the suppliers, the remaining useful life is calculated based on the remaining depreciation period. Since the machines are fully depreciated, the remaining operation useful life is stated as zero. As at the Latest Practicable Date, we had entered into a contract for purchase of a new machine for computer-to-plate system. Such new machine had not yet been delivered as at the Latest Practicable Date.

Our machineries and equipment used in our production process are owned by us, except for the digital press printing machines which are leased by us from reputable manufacturers. Based on the management expectation, most of the above machineries and equipment are of an average age of approximately seven years.

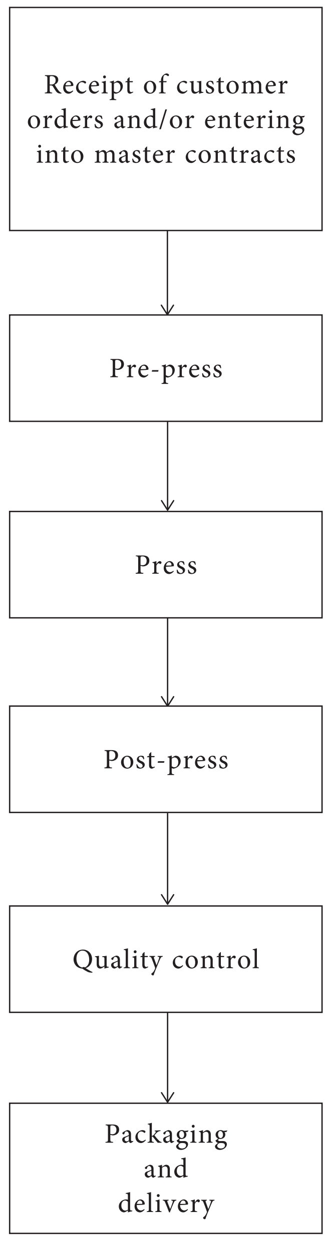
Our Directors considered that as at the Latest Practicable Date, our existing machineries and equipment, including the machineries and equipment whose useful lives had reached the end of their expected useful lives, were in good working condition. We do not have a pre-determined or regular replacement policy for our machineries and equipment, and we only replace our aged machineries when necessary.

We regularly perform checks and carry out repair and maintenance works on our machineries and equipment, as we believe that their condition is crucial for us to carry out printing works smoothly and efficiently and is, in particular, directly related to the safety of our printing production employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant interruption in our business operations nor any prolonged suspension of our printing operations arising from failure or breakdowns of machineries or equipment which significantly affected our Group's operations and financial position.

OUR BUSINESS PROCESS

Commercial printing service

The following flow chart is a general overview of the major steps involved in the business process:



1. Receipt of customer orders and/or entering into master contracts

Our sales department prepares a cost estimate in accordance with the specifications, special requirements, expected raw material costs, processing and printing costs, timing and delivery upon receiving orders and requests for quotations from customers. Occasionally, we may submit tender in order to secure printing works from our customers. For the two years ended 31 March 2017 and the seven months ended 31 October 2017, we participated in nine, seven and seven tenders, with a success rate (including tenders confirmed after the Track Record Period) of approximately 33.3%, 28.6% and 42.9%, respectively. For the two years ended 31 March 2017 and the seven months ended 31 October 2017, our revenue obtained through tenders (inclusive of revenue recorded during the Track Record Period in respect of a project awarded through a tender conducted before the Track Record Period) amounted to approximately HK$1.0 million, HK$2.1 million and HK$0.7 million only, and represented a relatively small portion as compared with our total revenue.

We may enter into master contracts (with a contract period for not longer than one year in general) with some corporate customers. For other customers, we may conduct business with them on project-by-project basis through purchase orders and emails. Confidentiality agreements may also be entered into in relation to maintaining confidentiality of documents and data printed or processed by our Group.

When a purchase order is confirmed, the sales department will create job sheets in our system, which contain the customer's sales order and detailed specifications, before sending them to the production department.

Upon receipt of a job sheet, factory supervisor will plan and schedule the production process to ensure that the processing and printing facilities have sufficient resources, raw materials, personnel and capacity in order to meet the requirements of the job. Where subcontractors are required to perform specific jobs, the factory supervisor will arrange for quotations and include them into the overall production schedule.

If requested by our customers, our sales department may prepare sample products for the customer's review before moving to the pre-press stage.

2. Pre-press

Upon receiving the job sheet, the production department will review customers' content file and arrange the pre-press department to follow up, if offset printing is to be adopted. Computer-to-plate method is adopted so that the use of water is reduced. The pre-press department will first check and impose the file, prepare an inkjet or blue print colour proof of the product for the customer's review and approval. Occasionally, digital output colour proofing may be requested by our customers and we may engage external service providers to conduct such works. The production department will arrange for paper stock, printing press and post-press materials for our customers' review and approval if necessary. Upon receipt of customers' approval on the blue print, the pre-press department will transfer the images onto the printing plates for bulk-printing.

For digital printing, it is not necessary to transfer the images onto printing plates, hence this stage is not applicable for digital printing.

3. *Press*

For offset printing, the printing plates are passed to the printing department for mounting onto a plate cylinder on each printing unit of our printing machine. After the printing machines have been set up and adjusted, a small amount of samples will be printed for checking against the colour proofs and blueprints. Once the samples have been approved, bulk-printing will commence. The machine leader will then randomly check the printed sheets to ensure the quality of our products.

Ink is applied on the printing plates and transferred to an intermediate blanket cylinder and then onto the paper that passes through the impression cylinder. When a sheet of paper passes through multiple printing units, different colours are printed on the paper.

For secured data printing and other print-on-demand jobs, digital printing will be adopted so that the digital proof will be printed by the digital press printing machines without the use of printing plates.

4. *Post-press*

Once printing has been completed, the printed sheets must undergo post-press processing so that the printed documents can take its final form. Post-press processing typically involves folding, collating, sewing and casing in of the individually printed sheets. Depending upon the customers' specific requirements, further processing of individually printed sheets such as die-cutting, bronzing lamination and binding may be required. The finished goods are inspected and compared with the blue print to ensure the required quality and standards are met.

In some occasions, we would subcontract part of the post-press works to subcontractors. For details, please refer to the section headed "Business — Procurement and Suppliers — Suppliers and subcontractors" below.

Letter-shopping may be conducted both manually and by machines through our automated folding and insertion machines (for the making of envelopes and flipping and insertion of printed documents into envelopes mechanically).

5. *Quality control*

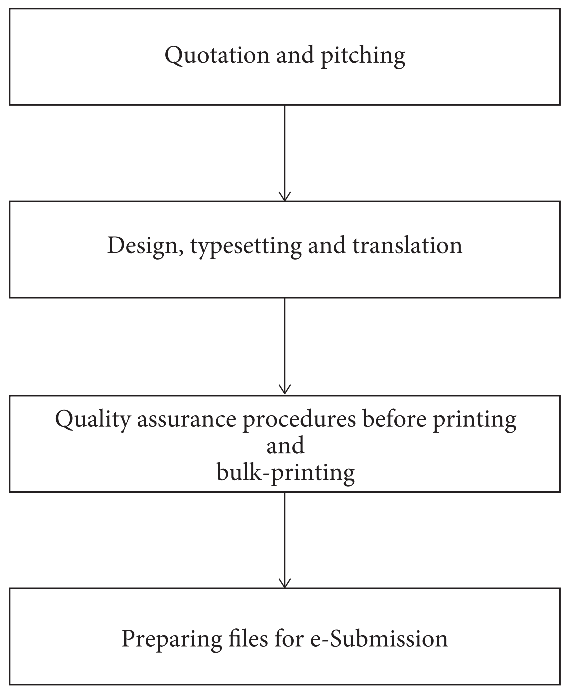
Quality control is performed to examine the product's quality against the quality acceptance level at every stage of the production process. Incoming raw materials, such as paper and ink, are periodically tested against customers' technical specifications. Colours are matched against customers' approved blue prints. Finished goods will be subjected to a number of checks and visual inspection before packaging and delivery to ensure the exact specifications of the customers are met.

6. *Packaging and delivery*

The logistics department is responsible for planning, coordination and overall logistics in relation to packaging and delivery of finished products. We may arrange to deliver the printed documents to post office(s) for dispatch to the recipients, or to any other designated locations according to the instructions of our customers.

Financial printing service

Our daily operations for financial printing services primarily include (i) providing quotations to and pitching for existing/new customers (as appropriate); (ii) design, typesetting and translation; (iii) performing quality assurance procedures before printing and bulk-printing; and (iv) preparing files for e-Submission. The detailed information in relation to our daily operations is set out below:



1. Quotation and pitching

As customers generally engage us on a project-by-project basis, we also provide quotation to, and pitch for existing customers in relation to new engagements as well as to new customers.

We maintain a record of companies listed on the Stock Exchange, including the names, addresses, year-end dates and contact persons' details in our customer database, which is updated regularly to ensure that the most up-to-date information is archived. Designated sales and marketing representative of our Group will be assigned to follow up with each potential customer and existing customer. Our sales and marketing representatives will proactively approach potential customers through various means such as cold calls, e-mailing and mailing of marketing materials, with the objective of securing opportunities for sales presentations and meetings. Our sales and marketing representatives will deliver sales presentations when requested, and follow up calls will be made thereafter. In addition, we maintain a database for contacts with intermediaries such as financial institutions and law firms for referrals of new business opportunities such as IPO projects etc. Based on the quality of services and established relationship with listed company customers, our Directors believe that there are abundant opportunities of referrals from our existing customers.

When quotations are requested by potential customers during sales presentations or follow up calls, our sales and marketing representatives will prepare quotations based on factors including but not limited to, (i) specifications and other requirements; and (ii) our Group's estimated costs such as printing and translation costs. In order to maintain a balance between profitability and price competitiveness, our senior management team will review and approve the aforementioned quotations before they are presented to potential customers.

In some cases, potential customers will request for preliminary design options for their forthcoming printing projects as one of the selection criteria. Our sales and marketing representatives will then collaborate with our design department to brainstorm and produce preliminary design options based on potential customers' previous published documents (such as financial reports from previous years and product brochures) and/or briefing and inputs from potential customers. Our sales and marketing representatives and/or designers will from time to time deliver design presentations in person, as part of the pitching process, on the initial design layouts if such presentations are requested, and follow up calls will be made thereafter. In certain cases, our sales and marketing representatives will prepare and discuss the production schedules with potential customers for their consideration during the pitching process.

After a quotation is accepted, the engaged customer or its designated parties will provide us with the first draft document for our processing. Our sales and marketing representatives will pass the contact information and the jobs' details such as proposed delivery schedule to our customer services department. After that, our customer services representatives input the related information into our system.

2. Design, typesetting and translation

Our customer services department is responsible for coordination of typesetting correspondences between customers and our typesetting department, as well as liasion with translation department during the production process.

In general, customers will provide us with draft documents or amendments via emails. Upon receipt of such emails from customers, our customer services representatives will send an email reply as an acknowledgement. A new job sheet (for new projects only) will then be created and will be used as a reference throughout the whole production process. Our customer services department will go through the draft documents or amendments to ensure that there are no uncertainties or unclear amendments. Any uncertainties or unclear amendments identified will be clarified with customers before being forwarded to our typesetting department for typesetting.

We have developed an internal IT system containing relevant information, such as customer names, job numbers, responsible customer service representatives in the customer services department. Instructions from customers will be created and updated in the system throughout the production process when instructions are received from customers. The system is accessible by our customer services department and sales and marketing department. Based on the experience of our customer services department, a turnaround time will be agreed with our typesetting department for the typesetting process and will also be recorded in our system.

Our typesetting department will then typeset the draft documents in accordance with the relevant format as per customer's request or amend the typeset proof accordingly. Our proofreaders will proofread the typeset proof and our customer services department will check and review the proofread proof to ensure the format and overall accuracy before sending it to our customers.

Depending on customers' requirements, our customer services department will forward the draft documents and subsequent amendments to translation department for translation. For new projects with existing customers, our customer services department will agree a turnaround time with the translation department based on their experience, understanding with customers, and the urgency of the projects, and customers are subsequently informed of such turnaround time. For new customers, our customer services department will discuss and confirm with the customers about the translation style and preference.

Upon receiving translated documents or amendments from translation department, our customer services department will forward such translated documents or amendments to our typesetting department for typesetting. A turnaround time will also be agreed with our typesetting department. The typesetted proof will then be sent to and reviewed by the translation department. Our translation department will ensure the accuracy of the typesetting and consistency of the translated proof. Once translation department has confirmed that the translated proof is ready for circulation, our customer services department will send the translated proof to customers and/or their designated parties.

3. Procedures before printing and bulk-printing

In respect of jobs where bulk-printing is necessary, after final approval from customers, the following procedures will be conducted:

— The responsible translation department will be requested for the final approval of their translation works.

— Our customer services department will then perform quality assurance procedures on the approved documents.

— Our typesetting department will convert the approved documents into files ready for printing, and forward such files to our printing production factory in Shaukeiwan, Hong Kong.

— Printing orders and delivery notes stipulating the printing specifications and delivery arrangements respectively will also be sent to our printing production factory.

— Our printing production factory will prepare a mock-up proof for our approval before bulk printing commences.

— After the approval of the mock-up proof, the relevant documents will then be printed in accordance to the printing order.

— In certain circumstances, our designers will be present at our printing production factory to monitor and assist in ensuring the quality of printing.

— The printed documents will then be delivered and distributed from our printing production factory to customers and/or their designated parties according to the delivery notes by third party logistics companies.

4. Process of preparing e-Submission files and e-Submission

Set out below is our process of preparing e-Submission files and e-Submission for customers whereby relevant documents are required to be submitted through eSS.

— Subsequent to the above procedures, soft copy of the signed-off documents will be converted into file types and naming format as required by the eSS by our typesetting department. The conversion will be carried out after approval of the mark up of the final printed documents.

— With the view of implementing a double checking system, the e-Submission files are then double-checked by another member of our customer services department who is not involved in the above procedures.

— Where the customers instruct us to submit the files on their behalf, one representative of our customer service department will log into the eSS and submit the e-Submission files onto the eSS pending approval from another representative before publication on the Stock Exchange's website.

— Another representative of the customer services department will then log into the eSS and approve the submitted e-Submission files for publication on the Stock Exchange's website if the customers instruct us to approve submission on their behalf.

— Depending on specific customer's instructions, our customer services department will also upload the e-Submission files onto customers' company websites.

LOGISTICS

We generally bear the transportation costs of delivering the products to our customers. We hire third-party logistics companies to arrange delivery and distribution. Such arrangement allows us to reduce our capital investment and eliminate the risk of liability to transportation accidents, delivery delays and losses, as such logistic company will bear these risks.

QUALITY CONTROL

We emphasise on quality and reliability in the production processes. We have established quality assurance standards to meet our customers' requirements. Our factory supervisor, who has over 32 years of experience in printing industry, is responsible for overseeing the overall quality control of our production, while quality control measures will be adopted at each of the production steps.

We monitor our production processes, and conduct performance and reliability checks in an attempt to ensure that our products have a low defect rate and meet the expectations of our customers. As to financial printing, our proofreaders and the translation department will respectively proof-read and check the typesetted documents and translated documents before sending the documents to our customers so as to ensure their quality.

Incoming quality control

To ensure our product quality, our raw material procurement policy is that we shall only place orders to suppliers on our established supplier list, i.e. suppliers who have passed our quality control and other selection procedures. We maintain a list of more than 10 suppliers for paper, and around two to three suppliers for other raw materials. For details, please refer to the section headed "Business — Procurement and Suppliers" below. Our inventory department will check the outer appearance and the quantity of raw materials with reference to our procurement orders upon arrival of the relevant raw materials. Incoming raw materials, such as paper and ink, are periodically tested against customers' technical specifications. Any raw materials which do not meet our quality standards and requirements will be returned to the supplier for replacement or refund. Our Directors confirmed that we did not experience any material shortage of raw materials during the Track Record Period.

In-process quality control

The factory supervisor is responsible for the overall quality control of our printing production. In addition, our quality control personnel will conduct inspection and review our products with reference to customers' specifications at different stages of the production.

As to our financial printing services, proofreaders shall be responsible for proofreading and checking of typesetted work before sending to customers. Our translation department, with the assistance of our customer services department will perform quality assurance procedures to ensure the quality of the translation works. We also engage third party translation service providers for some of the translation works. In order to maintain the quality and timeliness of the aforementioned translation works, we closely monitor the quality of and coordinate with those translation service providers.

Our Directors believe that maintaining high standard of the printing services, which we demonstrated during the Track Record Period, is the key to the long term growth of our business. We therefore emphasise on staff training programmes which are led by our experienced senior management and enhancement to production facilities to ensure optimal efficiency.

Outgoing quality control

We will conduct random sample checks against finished products prior to delivery. Products which do not meet our quality standards will be re-worked and will then be subject to the same inspection and performance testing. The final approved products are then delivered to our customers.

Our Directors have confirmed that, during the Track Record Period and up to the Latest Practicable Date, there were no material product quality claims, disputes or sale returns with respect to our Group, whether threatened, potential or settled.

Data security, information technology, surveillance and personal data protection systems

As our customers include banks and insurance companies which are subject to regulations and supervisions of relevant regulatory bodies and that our secured data printing business would involve personal data of clients of our customers, we have established relevant policies and measures to ensure data security and to comply with the relevant requirements pursuant to our agreements with customers. All data and information are disclosed and accessible to the relevant staff (i.e. sales persons who are handling the relevant projects and staff in the lasering and data management department) and users on a need-to-know basis. Each department shall comply with the security regulations in relation to information systems security, including but not limited to, storage, transmission, processing, and destruction of classified information.

Our Group has engaged an IT consultant who handles our servers, firewall, and other IT systems so that it would meet the requirements of our financial institution customers. We may contact the IT consultant for their IT support in case of any emergency situation. We cooperate with our financial institution customers (who may from time to time conduct checks on our systems and IT security), and we had not received any compliant or dispute on IT matters which would have a material adverse impact on our business and operation during the Track Record Period. The IT systems for operation and the server rooms are properly safeguarded in the restricted area with door access system. Our server rooms can only be accessed by the relevant staff (i.e. sales persons who are handling the relevant projects and staff in the lasering and data management department).

For projects involving confidential data printing and direct mailing service, we have a strict internal data handling procedures to ensure that the confidentiality of privacy data is protected. All relevant work processes are done on a printer server with no Internet access and no removable storage device is allowed to be used throughout the process. All data are encrypted and only relevant project handlers are provided with the unique login ID to access to the data. All printed sheets containing confidential data and the relevant records of quality control are required to be destroyed 7 to 14 days after receive client data automatically.

In addition, we have implemented surveillance system on each floor of our printing production factory so as to avoid theft or any other illegal activities. In general, we maintain restricted access to our production base. Security guard company is engaged to conduct check at the entrance of the building. Data should only be printed when there is legitimate need, and must be limited to individuals authorised to access the data. All printed data should not be left unattended on printers. In addition, all printed sheets containing confidential data and relevant data in our IT system are required to be destroyed and deleted within seven days after completion of the relevant work and no copy is kept (unless otherwise with the customers' relevant consent and authorisation).

Up-to-date training will be provided to staff periodically to ensure their sensitivity in handling data and the protection requirements, and training will also be provided to new staff with relevant duties for handling data.

Our Directors confirmed that, during the Track Record Period, our Group had not experienced any misappropriation of printed products or personal data leakage that had any material adverse impact on our business and results of operations.

Internal Control Policy to protect information leakage and improper use of inside information

Our Group has established policy to cover (i) identifying incidents; (ii) reporting incidents/ emergency; (iii) incident classification and (iv) procedure for handling security incident/ emergency. According to the policy, information security incident or emergency will need to be reported, recorded and investigated so as to minimize its reoccurrence and its possible impact.

Included in the general employment contract of our Company is a limitation clause requesting employees not to disclose any trade secret or other confidential information concerning the business or affairs of our Group. The use of information obtained in the course of employment for personal speculation in the securities constitutes a breach of the conflict of interest policy of our Group. Employees are also prohibited from disclosing such information to other unauthorised persons except where absolutely necessary in the conduct of the business of our Group. All data and information are disclosed and accessible to the relevant staff (i.e. sales persons who are handling the relevant projects and staff in the lasering and data management department) and users on a need-to-know basis. Each department shall comply with the security regulations in relation to information systems security, including but not limited to, storage, transmission, processing, and destruction of classified information. The Company's server rooms can only be accessed by the relevant staff (i.e. sales persons who are handling the relevant projects and staff in the lasering and data management department).

If an employee breaches any of the above policies, in particular, the use of confidential information for personal speculation or to enable others to speculate, he/she commits a criminal offence. In general, the violation of confidential policy is deemed as breach of the terms of employment and may result in disciplinary action, i.e. our Group is entitled to terminate employment by summary notice without compensation.

Our Group has enhanced our existing control policy named "Purchases and Procurement Policy" for the monitoring of performance of its subcontractors. Annual performance evaluation of subcontractors is performed to ensure that the quality of goods and services provided are maintained at an acceptable level. A subcontractor who does not comply with the terms required by our Company or provides substandard services would be removed from the approved list of subcontractors.

Since 6 September 2017, our Group has carried out certain measures to enhance the monitoring of subcontractors, including: (i) requiring all existing and new subcontractors in the approved subcontractors' list to sign the service agreements and/or non-disclosure agreements with our Group before assigning any subcontracting work; and (ii) if the sales agreement has restriction clauses on subcontracting, subcontracting work will only assign to our Group's subcontractors with the consent of subcontracting works obtained from our Group's customers. If any subcontractors are in breach of the agreement, our Group is entitled to take legal actions under the agreements.

For projects involving confidential data printing and direct mailing service, the Group has a strict internal data handling procedures to ensure that the confidentiality of privacy data is protected. All relevant work processes are done on a printer server with no internet access and no removable storage device is allowed to be used throughout the process. All data are encrypted and only relevant project handlers are provided with the unique login ID to access to the data. All printed sheets containing confidential data and the relevant records of quality control are required to be destroyed 7 to 14 days after receiving client data automatically.

SALES AND MARKETING

Customers

In respect of our commercial printing services, our customers are banks, insurance companies, advertising agencies and book publishers. In respect of our financial printing services, our customers are listing applicants and listed companies in Hong Kong. We have established a large customer base, with over 150 and 70 customers for our commercial printing and financial printing business during the Track Record Period.

Set out below is a breakdown of our revenue by customer category during the Track Record Period:

	For the year ended 31 March				For the seven months ended 31 October			
	2016		2017		2016		2017	
	HK$'000	%	*HK$'000*	%	*HK$'000*	%	*HK$'000*	%
Commercial Printing								
— Banks	43,235	44.0	20,768	24.9	14,514	27.7	9,274	19.0
— Insurance companies and fund houses	10,330	10.5	11,191	13.4	6,401	12.2	7,786	16.0
— Publisher	6,855	7.0	8,728	10.4	6,955	13.3	6,523	13.4
— Advertising agencies	4,644	4.7	780	0.9	666	1.3	2,777	5.7
— Others	7,097	7.2	14,592	17.5	6,063	11.5	4,972	10.2
Subtotal	72,161	73.4	56,059	67.1	34,599	66.0	31,332	64.3
Financial Printing								
— Listed companies	24,221	24.6	20,591	24.6	15,568	29.7	13,151	27.0
— Listing applicants	222	0.2	4,644	5.6	1,346	2.6	2,972	6.1
— Others	467	0.5	370	0.5	317	0.6	243	0.4
Subtotal	24,910	25.3	25,605	30.7	17,231	32.9	16,366	33.5
Others	1,289	1.3	1,874	2.2	587	1.1	1,062	2.2
Total	98,360	100.0	83,538	100.0	52,417	100.0	48,760	100.0

Number of Customers

The following table sets forth a breakdown of the number of customers and price range of each service category for the periods indicated.

	Year ended 31 March				Seven months ended 31 October			
	2016		2017		2016		2017	
	No. of Customers *(Note (i))*	Price range *Approximately HK$*	No. of Customers *(Note (i))*	Price range *Approximately HK$*	No. of Customers *(Note (i))*	Price range *Approximately HK$*	No. of Customers *(Note (i))*	Price range *Approximately HK$*
Commercial Printing *(Note (ii))*								
– Direct mailing materials	22	600 to 1.2 million	26	300 to 1.2 million	20	500 to 1.2 million	19	70 to 1.1 million
– Promotional and marketing materials	143	80 to 2.2 million	159	100 to 1.2 million	105	100 to 1.2 million	101	80 to 1.5 million
– Textbooks and related publication materials	1	90 to 0.2 million	1	50 to 0.1 million	1	50 to 0.1 million	1	200 to 0.1 million
Financial Printing *(Note (ii))*								
– IPO prospectuses and application forms	1	0.2 million	3	0.3 million to 2.0 million	1	1.3 million	3	0.4 million to 2.0 million
– Financial reporting documents	64	9,000 to 0.4 million	59	9,000 to 0.3 million	54	9,000 to 0.3 million	50	11,000 to 0.4 million
– Compliance documents	82	200 to 0.5 million	71	400 to 0.6 million	60	400 to 0.6 million	61	200 to 0.4 million
– Works for unlisted companies/ non-listing applicants/ public institutions	4	12,000 to 0.1 million	4	12,000 to 0.1 million	3	12,000 to 0.1 million	3	12,000 to 0.1 million
Others *(Note (ii))*	35	100 to 0.1 million	27	200 to 0.6 million	20	200 to 0.1 million	29	200 to 0.4 million

Note (i): For customers who placed orders in more than one of the service categories, they were counted as a customer for each of such service categories.

Note (ii): For commercial printing (including direct mailing materials, promotional and marketing materials and textbooks and related publication materials), the price range is per invoice. Among financial printing, for IPO prospectuses and application forms, the price range is per revenue recognised for the year/period for that particular engagement. For financial reporting documents, compliance documents and works for unlisted companies/non-listing applications/public institutions, the price range is per job. For others, the price range is per invoice.

Note (iii): There had been wide price ranges for our services during the Track Record Period mainly due to (i) the variation in the scope of commercial printing and financial printing services provided; (ii) the urgency of the project; (iii) difference in customer's printing requirements such as the colour scheme and printing effects; and (iv) difference in the number of pages of the documents printed.

The following table sets forth the number of financial printing projects of each service category for the periods indicated.

	For the year ended 31 March		For the seven months ended 31 October	
	2016	2017	2016	2017
IPO prospectuses and application forms *(Note 1)*	1	4	1	3
Financial reporting documents *(Note 2)*	138	126	96	96
Compliance documents *(Note 2)*	1,537	1,198	825	744
Works for unlisted companies/ non-listing applicants/public institutions *(Note 2)*	6	7	6	5
Total	1,682	1,335	928	848

Note 1: the number of projects is calculated based on the number of engagement letters signed for IPO project, and one of the customers for IPO prospectuses and application forms engaged us for two IPO projects during the year ended 31 March 2017.

Note 2: the number of projects is calculated based on the job numbers we recorded. As our usual practice, we assign a separate job number for each report, announcement, circular and other document to be despatched or published, therefore, one transaction may involve more than one job number, depending on the number of documents published or despatched.

Our largest customers

During the Track Record Period, our five largest customers include leading banks in Hong Kong with international branch coverage, an internationally renowned book publisher, an insurance company, a trust company and a marketing agency. We have developed business relationship with our five largest customers during the Track Record Period ranging from one to 29 years. For the two years ended 31 March 2017 and the seven months ended 31 October 2017, our five largest customers in aggregate accounted for approximately HK$50.1 million, HK$29.2 million and HK$16.7 million, respectively, which represented approximately 50.9%, 35.0% and 34.4% respectively of our total revenue, and our largest customer accounted for approximately HK$32.3 million, HK$10.7 million and HK$6.5 million, respectively, which represented approximately 32.9%, 12.8% and 13.4%, respectively, of our total revenue during the same periods. The chart below sets forth the particulars of our five largest customers during the Track Record Period:

Five largest customers for the seven months ended 31 October 2017

Rank	Customers *(Note 10)*	Commencement of business relationship	Types of services provided	Credit term	Settlement method	Revenue *(HK$'000)*	Percentage of our total revenue *(Note 8)*	Revenue under a common group *(HK$'000) (Note 11)*	Percentage of our total revenue
1	Customer B *(Note 2)*	2007	Printing of textbooks and related publication	30 days	wire transfer	6,523	13.4%	N/A	N/A
2	Customer A *(Note 1)*	1988	Commercial printing	30-45 days	wire transfer	3,305	6.8%	6,363	13.0% *(Note 12)*
3	Customer C *(Note 3)*	2006	Commercial printing	30-60 days	cheque	2,501	5.1%	5,140	10.5% *(Note 13)*
4	Firmstudio Limited *(Note 8)*	2017	Commercial printing	30 days	cheque	2,388	4.9%	N/A	N/A
5	Wealth Icon Financial Press Limited *(Note 9)*	2016	Financial printing	15 days	cheque	2,028	4.2%	N/A	N/A
			Total			16,745	34.4%		

Five largest customers for the year ended 31 March 2017

Rank	Customers *(Note 10)*	Commencement of business relationship	Types of services provided	Credit term	Settlement method	Revenue *(HK$'000)*	Percentage of our total revenue *(Note 8)*	Revenue under a common group *(HK$'000) (Note 11)*	Percentage of our total revenue
1	Customer A *(Note 1)*	1988	Commercial printing	30-45 days	wire transfer	10,710	12.8%	15,005	18.0% *(Note 14)*
2	Customer B *(Note 2)*	2007	Printing of textbooks and related publication	30 days	wire transfer	8,728	10.4%	N/A	N/A
3	Customer C *(Note 3)*	2006	Commercial printing	30-60 days	cheque	4,397	5.3%	8,989	10.8% *(Note 13)*
4	Customer D *(Note 4)*	2006	Commercial printing	30 days	cheque	3,009	3.6%	N/A	N/A
5	Customer E *(Note 5)*	2005	Commercial printing	30 days	cheque	2,401	2.9%	8,989	10.8% *(Note 13)*
			Total			29,245	35.0%		

Five largest customers for the year ended 31 March 2016

Rank	Customers *(Note 10)*	Commencement of business relationship	Types of services provided	Credit term	Settlement method	Revenue *(HK$'000)*	Percentage of our total revenue *(Note 8)*	Revenue under a common group *(HK$'000)* *(Note 11)*	Percentage of our total revenue
1	Customer A *(Note 1)*	1988	Commercial printing	30-45 days	wire transfer	32,333	32.9%	38,923	39.5% *(Note 15)*
2	Customer B *(Note 2)*	2007	Printing of textbooks and related publication	30 days	wire transfer	6,855	7.0%	N/A	N/A
3	Customer C *(Note 3)*	2006	Commercial printing	30-60 days	cheque	5,298	5.4%	7,830	8.0% *(Note 13)*
4	Customer F *(Note 6)*	1999	Commercial printing	30 days	wire transfer	3,094	3.1%	38,923	39.5% *(Note 15)*
5	NC Communications Limited *(Note 7)*	2015	Commercial printing	30 days	cheque	2,511	2.5%	N/A	N/A
			Total			50,091	50.9%		

Notes:

1. Customer A is a subsidiary of one of the world's international banking and financial services organisations serving customers worldwide, which is headquartered in Hong Kong. Its holding company has reported revenue of approximately US$59.8 billion, US$48.0 billion and US39.1 billion for the years ended 31 December 2015 and 31 December 2016 and the nine months ended 30 September 2017 respectively. The number of full-time employees was 232,346 as at 30 September 2017. It has worldwide network of branches providing comprehensive global banking services to its customers. Further, its holding company has a dual primary listing on the Main Board of the Stock Exchange and the London Stock Exchange and secondary listings on the Euronext Paris and the Bermuda Stock Exchange. The holding company's American Depositary Receipts (the "**ADRs**") are also listed on the New York Stock Exchange.

2. Customer B is a subsidiary of one of the largest university presses in the world. The parent company employs over 6,000 people and publishes over 4,000 new titles worldwide a year. Customer B operates in Hong Kong as the headquarter of group in China and employs over 300 members of staff and publishes near 500 titles annually. It is a significant publisher of educational books for different levels in Hong Kong from pre-school to secondary level schoolchildren; students to academics, general readers to researchers; individuals to institutions.

3. Customer C is a subsidiary of one of the leading banks in China and Hong Kong. It provides a comprehensive range of financial services to customers across the Mainland China as well as 51 countries and regions, such as Southeast Asia. In Hong Kong, it has the most extensive local branch network with 197 branches. The full-time staff headcount was 12,236, 12,154 and 12,473 at 31 December 2015, 31 December 2016 and 30 June 2017 respectively. Its profits was HK$27,681.0 million, HK$56,323.0 million and HK$17,603.0 million for the years ended 31 December 2015 and 31 December 2016 and the six months ended 30 June 2017 respectively. Its holding company is listed on the Main Board of the Stock Exchange and as ADRs in the US while its ultimate holding company is listed on the Main Board of the Stock Exchange and the Shanghai Stock Exchange.

4. Customer D is a private company incorporated in Hong Kong with paid-up share capital of HK$10 million and it is one of the major Mandatory Provident Fund product providers and one of the largest trust companies in Hong Kong, focusing on the provision of pension products and asset servicing solutions. In July 2017, the assets under administration exceeded HK$150.0 million, serving over 1 million member accounts.

5. Customer E is a wholly-owned subsidiary of Customer C, and is the card issuing and acquiring processing centre of a number of banks in Hong Kong. Its holding company and ultimate holding company are listed on the Main Board of the Stock Exchange.

6. Customer F is one of the major insurance companies based in Hong Kong. Through its subsidiaries, it offers life, health and general insurance services. Customer F is an indirect wholly-owned subsidiary of Customer A, and one of its arms in the insurance industry. We have not aggregated the revenue from customer A and customer F due to reasons in note 10 below.

7. NC Communications Limited is an integrated marketing communication agency established in Hong Kong, providing brand building, public relation and event engagement services. It has served world-leading financial institutions all the way from chief-level officers' events to marketing essentials such as application forms and gift premiums.

8. Firmstudio Limited is a full service creative digital agency founded in 2006 in Hong Kong, providing marketing strategy, creative design web technology services. Its clientele includes Hong Kong's best-known and most prolific property developers and internationally well-known companies. Over the years, it has accumulated more than 150 projects with over 60 awards.

9. Wealth Icon Financial Press Limited is a private company incorporated in Hong Kong with paid-up share capital of HK$1.5 million. It provides financial communications, financial printing and client research services to listing applicants, listed companies and financial institutions.

10. In respect of customers which are within the same group, they will not be considered as one customer and our revenue from different members of the same group will not be aggregated if (i) they are separate legal entities, and (ii) have different decision making units in respect of giving orders to us.

11. For illustration purpose only, which included other members of the group controlled by the same ultimate holding company, despite being separate legal entities and having different decision maker.

12. Including Customer F and 3 other clients in the common group of Customer A.

13. Including Customer E and 2 other clients in the common group of Customer C.

14. Including Customer F and 5 other clients in the common group of Customer A.

15. Including Customer F and 6 other clients in the common group of Customer A.

During the Track Record Period, other than our top five customers and among other remaining customers, sales to an insurance company (Note A) and a property leasing and management company (Note B) on group basis (inclusive of other group members in the common group of the relevant customers) in aggregate, accounted for approximately 1.4%, 3.0% and 5.3% of our revenue for the two years ended 31 March 2017 and the seven months ended 31 October 2017 respectively.

Notes:

(A) The principle business activities of which include the provision of financial services in Asia, Canada and the United States including offering financial protection and wealth management products and services to personal and business clients as well as asset management services to institutional customers. Based on the best knowledge of the Group, the revenue contributed by that insurance company included another client in the common group of that insurance company. The revenue generated from that insurance company under group basis were approximately HK$1.0 million, HK$2.4 million and HK$2.6 million for the two years ended 31 March 2017 and for the seven months ended 31 October 2017, respectively, representing approximately 1.0%, 2.9% and 5.3%, respectively, of the total revenue in the corresponding periods.

(B) The principal business activities of which include property development and sales, leasing and management services, passenger transportation services, hotel operation, hotel management and travel agency services and investment holding. Based on the best knowledge of the Group, for the two years ended 31 March 2017 and for the seven months ended 31 October 2017, the number of customer of the Group within that property leasing and management company were four, one and nil, respectively. The revenue generated from that property leasing and management company under group basis were approximately HK$0.4 million, HK$0.1 million and nil for the two years ended 31 March 2017 and for the seven months ended 31 October 2017, respectively, representing approximately 0.4%, 0.1% and nil, respectively, of the total revenue in the corresponding periods.

Our Directors confirmed that, to the best of their knowledge, none of our Directors, any of their respective close associates or any Shareholder who owns 5% or more of the issued share capital of our Company immediately following completion of the Share Offer, had any interest in any of our five largest customers during the Track Record Period. During the Track Record Period, we had maintained a good relationship with our customers and did not have any material disputes with any of them. In addition, during the Track Record Period, we had not received any material complaint from our customers.

We experienced decrease in revenue for the commercial printing services during the Track Record Period. Such decrease in revenue was mainly because of the decrease in orders from Customer A, one of the largest customers of our Group, for printing of direct mailing materials due to more prevalent use of electronic communications. The revenue generated from the orders from Customer A decreased from approximately HK$32.3 million for the year ended 31 March 2016 to approximately HK$10.7 million for the year ended 31 March 2017, representing a decrease of approximately 66.9%, and revenue from Customer A decreased from approximately HK$10.5 million for the eleven months ended 28 February 2017 to approximately HK$5.3 million for the eleven months ended 28 February 2018, representing a decrease of approximately 49.5%. Such decrease was partly offset by the increase in printing revenue from promotional and marketing materials and textbooks and related publication materials. In particular, based on the unaudited management accounts for the eleven months ended 28 February 2018, the increase in revenue generated from the orders from four of the top ten customers in aggregate for the eleven months ended 28 February 2018 was able to offset approximately HK$4.2 million or 80.7% of the decrease in revenue generated from Customer A for the eleven months ended 28 February 2018 as compared to the corresponding period ended 28 February 2017. All of these four customers had at least 10 years of business relationship with our Group as at the Latest Practicable Date, thus, going forward, they are all expected to continue to place orders to our Group. In view of the potential five new IPO projects expected to be sourced by the three new sales personnel during the year ending 31 March 2019, whom are expected to have experiences in financial printing industry and be responsible mainly in sourcing clients for financial printing services, we also expect to have new and significant customers from financial printing services (mainly IPO projects), thus we expect an increase in revenue from financial printing. For our commercial printing services, we had not entered into any agreement or contract with new and significant customer as at the Latest Practicable Date. Nevertheless, based on the organic growth of revenue generated from Customer B for commercial printing (mainly for textbook and publication) during the Track Record Period, and in view of the expected increase in capacity for sourcing customers for commercial printing due to the expansion of our sales team (details of which are disclosed in the paragraph headed "Continue organic growth by solidifying existing customer relationship and developing new relationship" in this section), we also expect an increase in sales from commercial printing services, in particular for textbook and publication, shall our expansion plan is materialised.

Salient terms of contracts with our customers

Save for some listed company customers who engaged us for financial printing services, we generally do not enter into any long term contract with a term of over a year with our customers. For some customers, we may enter into master contracts with them and each project is engaged under individual orders. In other cases, where there is a master contract, quotation will be given, which states the price, specification and delivery term of the relevant project. Salient terms of our contracts with our major customers are as follows:

i. Contract period — In general, we do not enter into contract with customers for a term of over one year (save for Customers A and B of which we entered into some agreements which are renewed every two years, and Customer C which we entered into a master contract for three years plus a renewal term for a further two years and some financial printing customers engaging us for annual reports for period of up to three years). The parties may negotiate for a further extension of one year before expiry of the contract period.

ii. Product specifications and quantity — General specifications such as paper type, size, post-press processing requirements may be set out in the master contracts. Further detailed specifications and content of the printed materials as well as quantity for each order will be agreed by the parties by way of purchase orders or through emails. In general, there is no commitment by our customer as to the sale amount in the master contracts, and the quantity of orders is subject to each purchase order by our customers.

iii. Pricing, payment and credit terms — Prices per sheet/unit of different types of products are set out in the master contract. The unit price of products may progressively reduce following the increase of sale orders over the contract period. Credit term of seven to 60 days from the invoice date is given in general.

iv. Confidentiality and data security — We shall comply with data security and confidentiality requirements of our customers pursuant to the master contracts as well as confidentiality agreements with them (if applicable). In general, the requirements cover our production process from pre-press to delivery. For details of our relevant control policies and measures, please see the section headed "Business — Quality Control — Data security, information technology, surveillance and personal data protection systems" above.

v. Quality assurance and warranty — Our Group shall provide the products and services in accordance with the specifications and terms set out in the master contracts and in the purchase orders. Our customers may reject defective products.

vi. Audit and regulatory requirements — As our customers include banks and insurance companies which are subject to regulations and supervisions of relevant regulatory bodies, we shall, upon receipt of reasonable notice from such customers, provide relevant records of our transactions with them to their internal and/or external auditors. They may also engage professional third party auditors to audit our performance of the relevant agreements with them, and we shall provide them with the relevant access to our information, facilities and materials, etc. as reasonably required for the audit (subject to the entering into of the confidentiality agreement by such third party auditor with our Group).

vii. Delivery — Our Group may provide an undertaking as to delivery time frame in the master contracts. In general, we shall bear the costs and risks for delivery of printed products to our customers' designated locations under which the title and risks in the printed documents will be passed to the customers upon delivery.

Pricing policy

We generally price our products and services based on a cost-plus basis with reference to our cost-estimate of the relevant products coupled with other commercial factors, including but not limited to quotations from suppliers, nature and complexity of the production process, technology and manpower requirements, target profit margin and level of competition.

Our Company confirmed that during the Track Record Period, there was no variation to the contract prices of its products and services as all the fees charged are in accordance with the fee schedules stated in the contracts or pre-agreed with its customers and the contracts costs were fully recovered during the Track Record Period. Accordingly, there were no material losses incurred in this regard.

Credit control

We have adopted stringent credit control procedures and we monitor our working capital on an on-going basis to minimise credit risks. We have a team responsible for determining credit limit, credit approvals and other monitoring procedures to ensure follow-up work is taken to recover outstanding debts.

In general, the credit period granted by us is seven to 60 days. During the Track Record Period, we had recorded a bad debt of approximately HK$16,500.

Seasonality

We observe a seasonal pattern in our industry. For commercial printing services, the demand for printing of textbooks and related publication is higher in July, which is before and at the start of academic year in September in Hong Kong. Pursuant to the Listing Rules and the GEM Listing Rules requirements, companies listed on the Main Board and on GEM are required to publish their annual reports not later than four months and three months respectively after the end of their respective financial year. As most of our customers for financial printing services have their financial years end dates on 31 December, the publication for their annual reports are concentrated in March and April which become our peak season for financial printing service.

Marketing strategies

We sell and market our products directly through our own sales and marketing team, comprising of five personnel as at the Latest Practicable Date. Our sales and marketing strategies focus on promoting our reputation in quality (including deadlines) and timely delivery of our products. Over the years, our ability to meet our customers' demands has allowed us to develop stable relationship with our customers and to attract new customers.

As set out in the F&S Report, we have competitive strength in terms of provision of comprehensive printing services, well-established printing facilities in Hong Kong and long-term relationship with key customers. In addition, we were the second largest market player in commercial printing industry (excluding publication printing such as textbooks) in Hong Kong in terms of revenue for the year ended 31 March 2017. Our sale personnel will utilise these advantages in our promotion and negotiation with our existing customers and potential customers. Through our continuous efforts, we maintain close contact with our customers and professional parties, and strive to obtain the opportunity to promote our products and services to them and their clients. Referral is a significant means in terms of sourcing new customers in our industry. Our sales team, led by Ms. Chan Tsz Wan, being our senior account director who has over 22 years of experience in the industry, has solid experience and network in the industry. Accordingly, we believe we can leverage such experience and network in our marketing strategies.

In addition, we proactively discuss with our customers to understand their needs, obtain their feedbacks promptly and provide them with new products to meet their demands. We have been the member of a number of industry associations, which help us to keep abreast of industry development and further expand our customer base. Going forward, in view of the decline in revenue generated from commercial printing services, we intend to recruit more experienced sales personnel with publication and financial printing experiences to further diversify our customer base.

PROCUREMENT AND SUPPLIERS

Raw materials

The principal raw materials used in our production include paper, and printing materials (including printing plates, ink and chemicals). To ensure the quality of raw materials procured, we maintain a list of about 10 suppliers for paper, and around two to three suppliers for other raw materials. During the two years ended 31 March 2017 and the seven months ended 31 October 2017, our raw material costs accounted for approximately 21.0%, 17.6% and 21.9% respectively of our total cost of services.

Paper is our Group's principal raw materials. Purchase orders are placed with paper suppliers based on the level of stock maintained with us. Our Group mainly purchases paper from paper trading companies in Hong Kong. During the Track Record Period, save for some of the purchases for paper that were settled in US dollars, our Group primarily settled purchases for raw materials in HK dollars. Our Group endeavours to work with FSC/CoC certified paper suppliers in order to ensure paper used in our production for our customers are in compliance with all standards of environmental care and social responsibility. Printing materials primarily include printing plates, ink and chemicals. Others primarily include miscellaneous items such as CD-roms containing our customer's printed documents.

During the Track Record Period and up to the Latest Practicable Date, we had not engaged in speculation activities in paper. Our Directors confirmed that we will not engage in speculation activities in paper in the foreseeable future. As at 31 March 2016, 31 March 2017 and 31 October 2017, our paper inventory amounted to approximately HK$1.5 million, HK$1.4 million and HK$1.5 million respectively, represented approximately 77.9%, 74.5% and 81.5% respectively of our entire inventory balance during the corresponding periods.

The following table sets out our cost of raw materials for the periods indicated:

Types of raw materials	Year ended 31 March 2016		2017		Seven months ended 31 October 2017	
	HK$'000	*% of cost of raw materials*	*HK$'000*	*% of cost of raw materials*	*HK$'000*	*% of cost of raw materials*
Paper	11,333	72.8	6,900	63.5	4,737	64.9
Printing materials	3,905	25.1	3,498	32.2	2,475	33.9
Others	338	2.1	462	4.3	90	1.2
Cost of raw materials	15,576	100.0	10,860	100.0	7,302	100.0

Utility

Electricity is the principal utility used in our production process. For the two years ended 31 March 2017 and the seven months ended 31 October 2017, we spent approximately HK$3.2 million, HK$2.5 million and HK$1.3 million, respectively, on utility including electricity and water. During the Track Record Period, we did not encounter any material interruption in the supply of electricity and water to our printing production factory.

Suppliers and subcontractors

We adopt stringent supplier selection procedures, under which potential suppliers are assessed based on various factors including their pricing, quality and stability of materials and services, scale of operation, market reputation and production capacity. During the Track Record Period, we, in general, had not entered into any agreement for a term of over a year with our suppliers (save for various suppliers such as Elegance Integration and suppliers of maintenance services for pre-press processing machines and other services), and our engagements with suppliers are on project-by-project basis. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any significant problems with the quality of raw materials provided by our suppliers or any material shortage of our raw materials.

Translation

Despite having our inhouse translation team, we have engaged various translation companies and freelance translators on our approved list, who are Independent Third Parties, which we have not entered into any master contract with them, to engage them for part of our translation work on a project by project basis to cope with the large volume of translation work during the peak season. During the Track Record Period, we had worked with five freelance translators (most of them are our former employees that we are familiar and confident with their quality of work) and five translation companies (who are Independent Third Parties or founded by our former employee) on our approved list. We have established business relationship with them for two to 14 years. We select such translators primarily based on their quality of work, ability to accommodate to the timeframe of the project and pricing, etc.. Our customer service team communicates closely with the translation team to keep track of the progress of their translation work.

Other subcontractors

In addition, we engage various independent subcontractors on a case-by-case basis. These subcontractors were engaged primarily for (i) certain works at pre-press or post-press stages requiring specific equipment, machines and expertise (in order to meet the requirements of the customers for such specific jobs) due to cost-efficiency reasons; (ii) low-end and labour-intensive nature which were not cost-effective if the works were conducted by the staff of our Group; and (iii) ad hoc printing works outsourced by us when our printing capacity were fully utilised at such point of time or printing on materials other than paper which we did not have the relevant printing machines. Pre-press works outsourced primarily include (i) design works by specialised designers as requested by our customers; and (ii) digital output colour proofing works to produce colour proof as requested by our customers for their review and approval before production of printing plates by our Group. As to post-press works, while we have various types of binding machines, our customers may from time to time request for specific types and styles of binding as well as bronzing and lamination and related works, which we do not possess the relevant equipment and expertise. In addition, sometimes the post-press processing works requested by our customers require a large amount of manual works and are labour intensive such as manual die-cutting, folding, envelope making, box making, paper file making and sticking. Our Group may outsource such works on a case by case basis. Outsourced works are auxiliary in nature, while core part of the works including printing on paper at the press stage is primarily conducted at our in-house printing production factory.

During the Track Record Period, we had engaged over ten subcontractors for these works, and have established business relationship with most of them for over eight years. During the Track Record Period and as at the Latest Practicable Date, these subcontractors (other than Elegance Integration) were Independent Third Parties.

During the Track Record Period, our Group engaged Elegance Integration for (i) certain low-end and labour intensive post-press processing and auxiliary works such as manual die-cutting, folding, envelope making, box making, paper file making and sticking due to cost-efficiency; and (ii) the binding of certain kind of books as we do not have the relevant binding machines. Prior to 1 April 2016, Elegance Integration was directly and indirectly owned as to over 60% in aggregate by our Controlling Shareholders, Mr. So and Mr. Leung. Such shareholding interest was subsequently sold to Independent Third Parties. As at the Latest Practicable Date, all of our Directors and Substantial Shareholders had no directorship nor shareholding in Elegance Integration, thus it was an Independent Third Party. For details, please refer to the section headed "History, Reorganisation and Corporate Structure — Corporate Development — Excluded Businesses" in this prospectus. The works were performed by the subsidiary of Elegance Integration in the PRC.

For the two years ended 31 March 2017 and the seven months ended 31 October 2017, the total subcontracting fees amounted to approximately HK$6.3 million, HK$5.1 million and HK$1.3 million, respectively, which represented approximately 8.5%, 8.2% and 3.9%, respectively, of our total cost of services for the same periods.

During the Track Record Period, we did not experience any difficulties in procuring services of these subcontractors that would cause a material adverse impact on our operations. We do not anticipate any difficulties in procuring the services of these subcontractors in the foreseeable future. Our Directors are of the view that there is a number of alternative subcontractors and we can swift to them even in the event of termination of relationship with these subcontractors.

We may be in breach of contracts with certain customers for subcontracting

Pursuant to the terms of the contracts with various customers, we are restricted from subcontracting to other parties and/or conducting the relevant works outside Hong Kong, without the prior written consent of the relevant customers. During the Track Record Period and prior to September 2017, we had not obtained such consents before engaging some of the subcontractors for the above works. Pursuant to the relevant agreements, the relevant customers may be entitled to remedies including seeking for loss/damages/refund and termination of the respective agreements with us. As at the Latest Practicable Date, (i) we had not received any notifications or demand letters of the relevant customers for a claim of losses or damages or termination of agreement/business relationship as a result of such possible breaches. Subsequent to September 2017 and up to the Latest Practicable Date, we had obtained the required consents from all the works subcontracted.

The revenue contribution of the relevant customers were approximately HK$49.4 million, HK$30.1 million and HK$16.1 million during the two years ended 31 March 2017 and the seven months ended 31 October 2017 respectively, while the revenue derived from the orders involving breach to subcontracting restriction were approximately HK$9.7 million, HK$9.0 million and HK$3.1 million during the two years ended 31 March 2017 and the seven months ended 31 October 2017 respectively, representing approximately 9.9%, 10.8% and 6.4% of the total revenue in the corresponding period respectively. Our Directors are of the view that, despite the above possible breaches, the risks that the relevant customers will claim our Group for loss/damages or terminate the respective agreements/business relationships with our Group are not likely because:

Industry practice

According to the F&S Report, based on the interviews with some downstream customers of the industry players, it is a common industry practice that commercial printing service providers in Hong Kong would outsource part of their pre-press processing works (such as design and digital output colour proofing) and post-press processing works (such as lamination, UV coating, foil stamping and bronzing, die-cutting, binding and envelope-making) to other entities in Hong Kong or in the PRC for the purpose of cost control and that some of these works may require specialised equipment, machines and expertise. Such is also widely recognised by their customers, such as banks. However, such practice is not reflected in the standard service contract with the banks, which we are required by the banks to sign the same without alteration of the terms and provisions of the standard service contract. Accordingly, our Directors are of the view that our practice of engaging subcontractors to conduct the above works is in line with industry practice. Taking into account that the trivial nature of the tasks outsourced and that subcontracting is in line with industry practice, our senior operation director, in his capacity as an employee of our Group, inadvertently and mistakenly believed that such practice of subcontracting, which is in line with industry practice, did not fall within the subcontracting restriction under the provisions of the contracts with the relevant customers. This misunderstanding was clarified upon obtaining professional advices in preparation for the Listing, in particular, that such prevailing market practice does not constitute implied consent to specific contractual restriction, and such misunderstanding was technical and would not have been clarified without obtaining the professional advice.

Trivial nature of works outsourced

As discussed above, the works outsourced by us were generally low-end and labour intensive, and were trivial and auxiliary in nature. Such included various post-press works by Elegance Integration, various works at the pre-press stage such as digital output colour proofing and post-press stage such as lamination and bronzing and related works by other Independent Third Parties. Our Group has conducted most part of the works (including the core tasks of typesetting, production of printing plates at pre-press processing, printing, various types of die-cutting, binding and envelopes making) in our inhouse printing production factory. Accordingly, our Directors are of the view that the works outsourced are trivial and auxiliary in nature.

Amount of subcontracting works was not substantial

The works outsourced by us were auxiliary in nature. Core part of the works including printing on paper at the press stage of these customers were conducted at our in-house printing production factory. During the Track Record Period, we had approximately 150 customers for commercial printing services, out of which only 10 of them were involved in subcontracting which may be in breach of relevant contracts. Regarding the remaining customers, there was either (i) no restriction on subcontracting imposed; or (ii) no breach to such subcontracting restriction despite the relevant contracts with the customers contained such provisions; or (iii) no written contract signed with the customers. For the two years ended 31 March 2017 and the seven months ended 31 October 2017, total subcontracting fees amounted to approximately HK$6.3 million, HK$5.1 million and HK$1.3 million, respectively. Compared with our total cost of services of approximately HK$74.2 million, HK$61.7 million and HK$33.3 million respectively for the two years ended 31 March 2017 and the seven months ended 31 October 2017, the amount of outsourced works was not substantial.

Established and solid business relationship with relevant customers, and established market position and reputation

The engagements with these subcontractors are primarily related to customers which have established business relationship with our Group for over 10 years. Our Directors confirmed that we had not experienced any material disputes with these customers during the Track Record Period. Given that (i) we ranked second among the commercial printing service providers (excluding publication printing such as textbooks) in Hong Kong in terms of revenue for the year ended 31 March 2017; and (ii) our established history of operation of over 38 years in the commercial printing industry in Hong Kong, we are of the view that continuous business relationship between our Group and the customers are mutually beneficial to each other. Please see also sections headed "Business — Our Competitive Strengths — Established and stable customer base with reputable customers" and "Business — Our Competitive Strengths — Leading position in commercial printing market in Hong Kong with strong brand recognition" above.

Opinion by legal counsel

Our legal counsel as to subcontracting matters, Mr. Chan Chung, is of the following opinion that:

(i) a breach of contract will result in liability to damages but there must be evidence of damages suffered by the other party. Our Group is in the printing business and its products are printing materials. Since the products were delivered to them after all, it is difficult to fathom what damages are suffered by the customers. The position is that the burden of proof is on the customers to set out the damages and prove it with evidence;

(ii) it is unlikely that the customers can seek specific performance and injunction from the court because in the present situation which involves the printing of products, damages are an adequate remedy since printing products are not unique goods such that the customers cannot obtain equivalent performance. Further the printing products were delivered, so whether or not there had been subcontracting had already become obsolete. The court has no basis to order specific performance for the breaches due to the fact that the printing products were already delivered. Given also that the breach has ceased, the court is unlikely to grant an injunction as it can only be granted to restrain a continuing breach;

(iii) as there is no basis to suggest that (i) the subcontracting arrangement is profit-making activity by breach of contract; and (ii) the customers would have a legitimate interest in preventing the subcontracting arrangement, therefore there is no reasonable basis for a case of account of profit or a buy out fee. The relevant customers cannot on the one hand obtain the printing products and on the other hand have a cut of the agreed fees to our Group;

(iv) in respect of clauses concerning refund, the situation is that either (i) the clauses are related to breach of contract regarding defective quality of the printed products delivered by our Group and have no relevance to the subcontracting arrangement; or (ii) based on legal counsel's analysis that there is no material or information to prove any possible damages sustained and the customers are not entitled to an account of profit and any possible buy out fee as damages, the customers cannot demand for any refund of income or revenue or any part of it since the goods were already delivered; and

(v) there is a right to termination by the customers and therefore, there is a risk that due to the breach arising from the subcontracting arrangement, the customers may choose to terminate the relevant contracts.

On-going approach

Following the review of the contracts with our major customers and the legal opinion of the legal counsel as to subcontracting matters, going forwarded, for jobs which are subject to restrictions against subcontracting or other relevant restriction(s), our Group will approach the relevant customers to obtain the relevant consent for printing orders received on or after 6 September 2017 if we consider subcontracting is necessary.

We have maintained a register of contracts with restrictions discussed above and will update the register when a relevant contract is signed. Our sales department will maintain close communication with our customers and our production department to ensure that subcontracting is to be conducted with reference to the terms of the relevant contract.

An Independent Third Party consultant (the "**Internal Control Consultant**") was engaged by us in August 2017 to review our internal control procedures as to subcontracting matters and the preventive measures taken by our Group for preventing future breach of contracts with customers as to provisions on restrictions against subcontracting. In accordance with the recommendation(s) of the Internal Control Consultant, our Group has on 6 September 2017 sent notification letters and made subsequent follow up calls to those customers with whom we expected to have recurring transactions to inform them of the previous practice on subcontracting and told them that our Group will inform them in advance and obtain their consents before outsourcing any work to any other parties pursuant to the applicable sale contracts in the future. Subsequent calls were made to the relevant customers to confirm the receipt of the notification letters. The reason for sending the letters to the customers was to ascertain whether such would have material impacts on our operations and businesses going forward. Therefore, our Group considered we would need to send out those letters only to the recurring customers which were expected to continue to place orders to our Group. Further, our Group saw no issue in not notifying non-recurring customers, as the customer-client relationships between our Group and them were one-off in nature, and the relevant services under the relevant contracts have been completed and performed. After sending out those letters, although our Group has only received one positive reply from the relevant customers, all relevant customers have continued to place orders with us subsequent to the notification letter. Based on the above, our Company considered that the relevant customers will continue to work with our Company despite the incidences. In addition, our Group has already implemented appropriate measures to prevent future non-compliance. As at the Latest Practicable Date, no concerns, claims or complaints over the subcontracting matters was made by these customers.

The number of recurring customer of whom were informed of the relevant incidents is eight, and the total number of customers related to the relevant incident is 10. Comparing the orders made by the eight relevant customers whom were informed as to our breach to subcontracting provisions in the relevant agreements, we received a total of 337 orders from the relevant customers after informing them of the subcontracting breach during the period from after making the calls to 30 November 2017, as compared to 284 orders received from the relevant customers during the corresponding period in 2016. The aggregate value of these 337 orders and 284 orders received by our Group from the relevant customers amounted to approximately HK$4.2 million during the period from after making the calls to 30 November 2017 and approximately HK$4.8 million during the corresponding period in 2016 respectively. The aggregate amount of revenue contributed by the 10 customers affected by the incidents were approximately HK$49.4 million, HK$30.1 million and HK$16.1 million, or 50.2%, 36.0% and 33.0% to our total revenue, for the two years ended 31 March 2017 and the seven months ended 31 October 2017 respectively. For the eight relevant customers who were informed as to the subcontracting breach in September 2017, the aggregate revenues generated from them were approximately HK$17.7 million (consisting of approximately HK$13.5 million and HK$4.2 million for revenue generated from orders before and after making subsequent calls to the relevant customers respectively) and HK$22.9 million (consisting of approximately HK$18.2 million and HK$4.8 million for revenue generated from orders before and after the corresponding periods in 2016 respectively) for the eight months period ended 30 November 2017 and 30 November 2016 respectively, and were approximately HK$48.9 million, HK$28.4 million and HK$15.5 million, or 49.7%, 34.0% and 31.8%, to our total revenue for the two years ended 31 March 2017 and the seven months ended 31 October 2017 respectively. There was no minimum or prescribed amount of orders or services specified or required in the service agreements entered into between our Group and all of these 10 customers.

Our Group also developed a written policy with detailed control procedures on (i) regular review and selection/removal of subcontractor in the approved subcontractors' list; (ii) placement of purchase order/signing quotation; (iii) goods received and quality control policies; (iv) payment arrangement and (v) corresponding accounting treatment so as to control the whole walkthrough cycle of subcontracting works. Our executive Director Mr. Leung is responsible for supervising the effectiveness of enhanced internal controls to ensure that there will not be any breach of customers' contracts in the future. After sending out the notification letters and up to the Latest Practicable Date, our Group had received purchase orders placed by some of the relevant customers which we have sent notifications. The Internal Control Consultant also recommended our Group to:

(i) maintain a checklist of existing sales agreements and non-disclosure agreements covering relevant expiry date and major clauses, and should adjust or delete such clauses upon renewal of the agreements;

(ii) include the confidentiality clause and subcontracting restriction clause into the subcontractor's service agreement which covers the corresponding clauses stated in the sales agreements;

(iii) subject to nature of subcontracting works and level of confidential information involved, add restriction clause(s) into the subcontractor's service agreement and/or subject to nature of subcontracting works and level of confidential information involved, enter into non-disclosure agreement with terms and conditions of confidentiality and/or data protection and/or subcontracting restriction clause with subcontractors before assigning any subcontracting works;

(iv) if the sales agreement has restriction clauses on subcontracting, subcontracting work will be assigned to our Group's subcontractors with the consent of subcontracting works obtained from our Group's customers.

Going forward, for those production processes which will continue to be subcontracted, our Group will comply with the recommendations proposed above. Accordingly, the Internal Control Consultant has confirmed that the remedial measures implemented effectively to prevent future re-occurrence of breach of the above contractual terms.

Our Directors' view:

Given the long established working relationship with our major customers and that the jobs in relation to the above subject outsourced works were completed and accepted by the customers, our Directors are of the view that it is unlikely that the relevant customers will claim against us for loss/damages/refund or terminate the respective agreements. Our Controlling Shareholders have entered into the Deed of Indemnity in favour of our Group whereby they agreed to indemnify our Group, subject to the terms and conditions therein, in respect of any liability which may arise as a result of the possible breaches arising from subcontracting as discussed above. For details, please refer to the section headed "E. Other information — 3. Tax and other indemnities" in Appendix IV to this prospectus.

We may also conduct the relevant works by our staff internally and may acquire relevant machines where appropriate.

Five largest suppliers

For the two years ended 31 March 2017 and the seven months ended 31 October 2017, our aggregate purchases from our five largest suppliers, including suppliers of paper, subcontractors for translation and post-press processing, and supplier of printing plates were approximately HK$12.4 million, HK$8.3 million and HK$4.9 million, respectively, which represented approximately 59.6%, 52.1% and 57.3% of our total purchases, respectively. During the same periods, purchases from our largest supplier were approximately HK$3.8 million, HK$2.2 million and HK$1.3 million, respectively, which represented approximately 18.3%, 14.0% and 15.8%, respectively, of our total purchases. We have maintained a business relationship ranging from two to 18 years with our five largest suppliers during the Track Record Period. The chart below sets forth the particulars of our five largest suppliers during the Track Record Period:

Five largest suppliers for the seven months ended 31 October 2017

Rank	Supplier	Commencement of business relationship	Types of materials/ services procured	Credit term	Settlement method	Procurement amount *(HK$'000)*	Percentage of our total purchases
1.	Supplier E *(Note 6)*	2005	Paper	90 days	cheque	1,341	15.8%
2.	Supplier C *(Note 4)*	2015	Paper	90 days	cheque	1,210	14.3%
3.	Supplier A *(Note 2)*	2000	Printing materials such as printing plates for pre-press processing, and provision of maintenance services for pre-press processing machines	60 days	cheque	1,075	12.7%
4.	Supplier D *(Note 5)*	1999	Paper	90 days	cheque	807	9.5%
5.	Supplier B *(Note 3)*	2003	Translation services	60 days	cheque	424	5.0%
			Total			4,857	57.3%

Five largest suppliers for the year ended 31 March 2017

Rank	Supplier	Commencement of business relationship	Types of materials/ services procured	Credit term	Settlement method	Procurement amount *(HK$'000)*	Percentage of our total purchases
1.	Elegance Integration *(Note 1)*	2007	Post-press processing	30 days	wire transfer	2,242	14.0%
2.	Supplier A *(Note 2)*	2000	Printing materials such as printing plates for pre-press processing, and provision of maintenance services for pre-press processing machines	60 days	cheque	1,690	10.6%
3.	Supplier B *(Note 3)*	2003	Translation services	60 days	cheque	1,513	9.5%
4.	Supplier C *(Note 4)*	2015	Paper	90 days	cheque	1,490	9.3%
5.	Supplier D *(Note 5)*	1999	Paper	90 days	cheque	1,384	8.7%
			Total			8,319	52.1%

Five largest suppliers for the year ended 31 March 2016

Rank	Suppliers	Commencement of business relationship	Types of materials/ services procured	Credit term	Settlement method	Procurement amount *(HK$'000)*	Percentage of our total purchases
1.	Supplier E *(Note 6)*	2005	Paper	90 days	cheque	3,806	18.3%
2.	Elegance Integration *(Note 1)*	2007	Post-press processing	30 days	wire transfer	2,669	12.8%
3.	Supplier C *(Note 4)*	2006	Paper	90 days	cheque	2,234	10.7%
4.	Supplier B *(Note 3)*	2003	Translation services	60 days	cheque	1,991	9.6%
5.	Supplier F *(Note 7)*	1999	Paper	90 days	cheque or wire transfer	1,708	8.2%
			Total			12,408	59.6%

Notes:

1. Elegance Integration has been directly and indirectly owned by our Controlling Shareholders, Mr. So and Mr. Leung, as to over 60%, and the shareholding interest was subsequently sold to Independent Third Parties on 31 March 2016. We continued to engage Elegance Integration as a subcontractor or for certain subcontracting services after it had been disposed by the Controlling Shareholders. The amounts of subcontracting services rendered by Elegance Integration to our Group were approximately HK$2.7 million, HK$2.2 million and HK$153,000 for the two years ended 31 March 2017 and for the seven months ended 31 October 2017, respectively. Subsequent to the Track Record Period, Elegance Integration also engaged our Group to perform commercial printing jobs for an aggregate amount of approximately HK$0.5 million. As at the Latest Practicable Date, Elegance Integration was an Independent Third Party. For details, please refer to the section headed "History, Reorganisation and Corporate Structure — Excluded Businesses" in this prospectus.

2. Supplier A is the subsidiary of a multinational supplier of analog and digital imaging systems and IT solutions in the printing industry. The parent company is headquartered in Belgium and is listed on the stock exchange of Brussels and Frankfurt. Supplier A specialises in the provision of printing plates, computer-to-plate engines, pressroom supplies, films and processors and clean-out units in Hong Kong.

3. Supplier B is a translation service company based in Hong Kong established for more than a decade, providing translation services in finance, economics, trading and legal industry.

4. Supplier C is a paper trading company which distributes various kinds of paper imported from around the world, for examples, wood free paper, art board, coated solid card and gloss coated paper.

5. Supplier D is a paper trader in Hong Kong which engages in the paper trading and paper manufacturing business. Supplier D has a number of sales offices in major coastal industrial and inland cities in the PRC, as well as branches in Singapore, Malaysia and Los Angeles. Its parent company is listed on the Stock Exchange.

6. Supplier E is a paper supplier with its head office situated in Hong Kong. It provides printing paper and industrial printing paper which are imported from all around the world. Supplier E also produces Forest Stewardship Council certified paper recycled products.

7. Supplier F is a paper supplier which has its headquarters in Hong Kong with supporting offices in China. It imports papers and provides professional paper consulting and management services to its customers. It supplies various types of papers such as coated paper, art board, wood free paper and covering materials.

Our Directors confirmed that, to the best of their knowledge, save as disclosed above, none of our Directors, any of their respective close associates, or any Shareholder who owns 5% or more of the issued share capital of the our Company immediately following completion of the Share Offer, had any interest in any of our five largest suppliers during the Track Record Period.

Salient terms of our procurement orders with our major suppliers

i. Tenure — in general, we do not enter into any agreements with a term of over a year with our suppliers (save for various suppliers such as Elegance Integration and suppliers of maintenance services for pre-press processing machines and other services), and our engagements with suppliers are on project-by-project basis. For the provision of maintenance service for our pre-press processing machines, the term is for three years.

ii. Product specifications and quantity — in general, our contracts and purchase orders are entered into on a project-by-project basis (save as to maintenance service for pre-press processing machines). We set out the product specifications and product types, as well as quantity for our procurement in the relevant individual order. For the provision of maintenance service for our pre-press processing machines, we may call their staff to attend our production base for maintenance work during normal working hours, while preventive maintenance will be provided quarterly.

iii. Pricing, payment and credit terms — for paper, the pricing will be in general determined with reference to market price. Payment is in general to be made by cheques within 30 to 90 days after delivery of goods. For other materials and services, the price will be agreed by the parties on a case by case basis with reference to prevailing prices quoted by suppliers of similar materials and services, the complexity of the relevant tasks and timing, etc.. For the provision of maintenance service for our pre-press processing machines, the charge is fixed and shall be settled half-annually.

iv. Delivery — paper and other raw materials will be delivered by the suppliers to our printing production factory in Shaukeiwan, Hong Kong.

INVENTORY MANAGEMENT

Our inventory comprises raw materials and work in progress. We usually commence our production upon receipt of orders placed by our customers and do not have a policy to maintain inventory of finished goods in advance before receiving customers' orders. As to raw materials, we place purchase orders based on the level of stocks maintained with us. We normally maintain certain level of inventory of raw materials in order to ensure smooth operation and production. Our staff will review our inventory level from time to time in order to ensure appropriate level of inventories is maintained. During the Track Record Period, we had not recorded any write off in respect of obsolete inventory.

Inventories are stored at the warehouse in our printing production factory in Shaukeiwan, Hong Kong. We have established an inventory policy which covers various aspects such as incoming, outgoing, storage, delivery and transportation of materials to ensure proper management and control of our inventories. We conduct regular and random inspections and stock taking on a monthly basis to ensure compliance with our warehouse management regulations. Occasionally, some customers may purchase and deliver paper to us for printing jobs placed/to be placed by them. Such paper is not booked as our inventory.

MARKET AND COMPETITION

According to the F&S Report, the commercial printing services market (excluding publication printing such as textbooks) in Hong Kong represented a relatively low market concentration for the year ended 31 March 2017, as the top five players in Hong Kong only registered an accumulated share of approximately 13.0%. The diverse number of downstream customers of commercial printing services in Hong Kong has resulted in the fact that no players could acquire a dominant market share. Our Group was the second largest commercial printing services provider (excluding publication printing such as textbooks) in Hong Kong in terms of revenue for the year ended 31 March 2017. As to financial printing, the market (excluding unlisted companies/non-listing applicants and public institutions) in Hong Kong was highly concentrated. According to F&S report, as for the year ended 31 March 2017, there were approximately 26 financial printers in Hong Kong. Meanwhile, for the year ended 31 March 2017, the top 10 financial service providers accounted for an aggregated market share (excluding unlisted companies/non-listing applicants and public institutions) of approximately 89.1%.

According to the F&S Report, capital requirement, business relationship, and high operation cost are entry barriers to commercial printing services market in Hong Kong, while track record and service level, customer relationship and substantial cost on operation are the entry barriers to financial printing services market in Hong Kong. For more information, please refer to the section headed "Industry Overview" in this prospectus. We believe that we possess the competitive strengths as discussed in the section headed "Business — Our Competitive Strengths" as compared with our competitors, which has enabled us to maintain our market position in Hong Kong.

AWARDS AND ACCREDITATIONS

We have received a number of awards and honours in recognition of our success and achievements. Set forth below is the highlight of some of the major awards and certifications in respect of our business or products:

Honour/Award	Awarding Body	Year of the award	Remarks
The HSBC Living Business Award 2006 (滙豐營商新動力) — Certificate of Merit	HSBC	2006	The award was primarily relevant to the sustainability of business operation, commitment and contribution in corporate sustainability of small and medium enterprises in Hong Kong
FSC/CoC Certification	Forest Stewardship Council	2005 *(Note 1)*	The certification assures that papers procured by our Group are from FSC certified materials and showing our commitment to the environment and responsible forest management

Honour/Award	Awarding Body	Year of the award	Remarks
The 9th Hong Kong Print Awards 1997 — Number One Print Awards	Graphics Arts Association of Hong Kong, Hong Kong Publishing Professionals Society and Hong Kong Trade Development Council	1997	The award was granted to our Group for our printing of advertisement materials

Note:

1. This certification was first obtained in May 2005, and the current certificate is valid until 8 June 2020.

EMPLOYEES

As at the Latest Practicable Date, our Group had a total of 97 employees, all of whom were based in Hong Kong. The following table sets out a breakdown of our employees by functions as at the Latest Practicable Date:

	Number of employees As at			
	31 March 2016	31 March 2017	31 October 2017	Latest Practicable Date
Management, finance, administration	17	17	17	17
Sales	7	5	5	5
Printing production	60	48	44	41
Quality control	2	2	2	2
Translation	6	7	7	5
Customer services, design and typesetting	26	27	28	27
Total	118	106	103	97

Our Group focuses on our quality of service and believes that our success will, to a great extent, depends on our ability to recruit and retain a high caliber of employees. Our Group offers competitive wages and other benefits to our employees. Our total staff costs were approximately HK$36.5 million, HK$30.2 million, and HK$16.6 million respectively represented approximately 37.1%, 36.2% and 34.0% of our Group's revenue, for the two years ended 31 March 2017 and the seven months ended 31 October 2017, respectively.

Our Group has implemented relevant guidelines for our employees, including work safety guidelines setting out our safety policies and promote safety in our premises. Please see also the section headed "Business — Occupational Health and Safety" in this prospectus for further details. Training will be provided to new employees based on the respective job nature.

Staff training and relations

We provide introductory and continuous and on-the-job training to our staff to enhance their technical and product knowledge and ensure high quality customer services. In addition, training is given to our staff on data security issues. For details, please see the section headed "Business — Quality Control — Data security, information technology, surveillance and personal data protection systems" in this prospectus. We constantly carry out staff evaluation to assess their performance.

We maintain good working relationships with our staff. Our Directors believe that the working environment and benefits offered to our employees have contributed to building good staff relations and retention. During the Track Record Period, save for certain claims from employees and ex-employees as disclosed in the sections headed "Business — Regulatory Compliance" and "Business — Occupational Health and Safety" below, we did not experience any strike or labour dispute with our staff which had a material effect on our business or results of operations.

For our employees in Hong Kong, we maintain employees' compensation insurance for all of them as required under the Employees' Compensation Ordinance and other applicable laws and regulations in Hong Kong. We also operate defined contribution retirement benefits schemes under ORSO schemes registered under the relevant laws and regulations for our employees in Hong Kong. Contributions to such schemes are based on a percentage of the employees' basic salaries.

ENVIRONMENTAL PROTECTION

Our production facilities and printing process discharge various kinds of wastes. The primary wastes produced in our production process are used paper, used printing plates, and chemicals. Most of the wasted paper and used printing plates could be recycled and collected by waste collectors during the Track Record Period. Chemicals comprising chemical solution for the cleaning of our printing machines and equipment, are collected by licensed waste collection companies. During the Track Record Period, we obtained the relevant Water Pollution Control Licence pursuant to the Water Pollution Control Ordinance, which is valid until 31 May 2019. We are registered as a chemical waste producer pursuant to the Waste Disposal Ordinance for producing chemical waste in the course of our operation. Please see also the section headed "Regulatory Overview" in this prospectus for further details regarding the relevant laws and regulations relating to environmental protection in Hong Kong. During the Track Record Period, we did not incur any material environmental compliance cost.

During the Track Record Period, we were not subject to any fine or claim arising from non-compliance with environmental laws and regulations.

OCCUPATIONAL HEALTH AND SAFETY

We have established relevant safety measures to protect our employees' safety. We have compiled with the safety manuals and distributed the same to our employees and set out regulations on safety management to prevent occupational accidents and provide guidance for emergency situations. We provide our staff with all the necessary safety protection equipment. We also provide training to all of our employees. Our Directors believe that we have an effective accident or incident reporting system. A programme of emergency preparedness including fire drills were in place and facilities such as first aid boxes and fire extinguishers are also adequately provided.

I. Work-related injury claims processed/settled during the Track Record Period and up to the Latest Practicable Date

During the Track Record Period and up to the Latest Practicable Date, we processed/settled seven incidents of work-related injury claims (in addition to the incident in which an employee's compensation proceeding was brought as discussed below). Among these seven incidents, one arose from lifting a wooden board, two arose from use and handling of equipment and machines, one arose from slipping on the grounds, two arose from loading paper in the factory, and the remaining one arose from folding books. As at the Latest Practicable Date, six of them had obtained compensation for an aggregate sum of approximately HK$441,000 which was fully covered by insurance, while the remaining one incident has not reached the stage of compensation. To the best knowledge of our Directors, all the above injured persons have suffered minor bodily injuries.

As at the Latest Practicable Date, two of the seven incidents had been time-barred from initiating both common law personal injury claim and employees' compensation proceedings and one of the seven incidents has been time-barred from initiating employees' compensation proceedings but not common law personal injury claim, and no writ nor statement of claims was served on us by the above injured employees under common law personal injury claim nor employees' compensation proceedings.

II. Employees' compensation proceedings during the Track Record Period (as to incidents occurred before the Track Record Period)

During the Track Record Period, there was one employees' compensation proceedings in relation to a work-related injury incident which occurred in January 2015. The incident arose when a former employee sustained an injury at her finger during the operation of an envelope folding machine, which resulted in the loss of that finger. The proceedings was commenced because of disagreement on the assessment of the Employees' Compensation (Ordinary Assessment) Board of the Labour Department. In September 2016, the proceedings was concluded and settled at a sum of approximately HK$149,000, which was fully covered by insurance.

In June 2015, we were prosecuted by the Labour Department for breach of relevant provisions under the Factories and Industrial Undertakings Ordinance (Cap. 59 of the Laws of Hong Kong) due to the above incident. Our Group admitted the charge and was fined for approximately HK$28,000 in July 2015. For details, please refer to the paragraph headed "Regulatory Compliance" below.

In November 2016, we received a pre-action letter from the above former employee in respect of an intended common law claim regarding the above incident. In July 2017, the claim was concluded and settled at a sum of approximately HK$372,000, which was fully covered by insurance.

III. Coverage of insurance policy

During the Track Record Period and up to the Latest Practicable Date, we took out an insurance policy with a capped limit of claim of HK$100.0 million per event. Based on the opinion of Mr. Alan Kwong, our legal counsel as to personal injury matters and as to non-compliance with the Factories and Industrial Undertakings Ordinance (Cap. 59 of the Laws of Hong Kong), it is expected that all the claims (excluding those which were time-barred from initiating proceedings) (if any) in relation to the above incidents will be covered by insurance.

Save as disclosed above, during the Track Record Period, we had not experienced any material industrial accidents at our production facilities and have not been adjudged by any Hong Kong governmental authority for any non-compliance with any health and safety requirements under the Hong Kong laws and regulations.

RESEARCH AND DEVELOPMENT

Based on our business model, our Group does not establish a designated research and development department.

INSURANCE

We maintain insurance in respect of our production facilities and our inventories, employees' compensation insurance, fire insurance and public liability insurance for our premises and our vehicles. We do not maintain product liability insurance or key person insurance for any member of our senior management team. The total insurance expenses relating to the abovementioned insurance policies by us for the two years ended 31 March 2017 and the seven months ended 31 October 2017 amounted to approximately HK$270,000, HK$215,000 and HK$133,000 respectively.

Our Directors have confirmed that, during the Track Record Period, save as disclosed in the section headed "Business — Occupational Health and Safety" above, we had not experienced any serious accidents on our premise or material product liability claims and we believe that our insurance coverage in general is adequate for our operations. We will continue to monitor our risk portfolio and make adjustments to our insurance practice as necessary. Please see also "Risk Factors — Risks Related to our Business — We have limited insurance coverage" in this prospectus.

PROPERTIES

Our headquarter is located at No. 8 A Kung Ngam Village Road, Shaukeiwan, Hong Kong and with a useable area of approximately 52,860.7 sq. feet leased from an associate of our Controlling Shareholders, and the lease term will expire in March 2020. For details, please refer to the section headed "Connected Transactions" in this prospectus. Our another office (being the office base of our financial printing services) is located at 2402, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong and with gross floor area of approximately 7,500 sq. feet. The premise is leased from the landlord which is an Independent Third Party, and the lease term will expire in May 2019.

We did not own any property as at the Latest Practicable Date.

As at 31 October 2017, as we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 8.01A of the GEM Listing Rules to include in this prospectus any valuation report. Pursuant to section 6(2) of the Companies (Exemption of Companies and Prospectus from Compliance with Provisions) Notice, this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

INTELLECTUAL PROPERTY

We take steps to protect our intellectual property rights and implement a set of internal intellectual property management rules. There are also confidentiality provisions in the employment contracts with our staff to protect our trade secrets and confidential information.

As at the Latest Practicable Date, we had registered one trademark and three domain names in Hong Kong which are material to our business and operation. Details of our material intellectual property rights are provided in the section headed "Statutory and General Information — B. Further Information about our Business — 2. Intellectual property rights" in Appendix IV to this prospectus. Our trademark "" was registered in Hong Kong in Class 42 on 30 November 1992. In addition, we have carried out business in the brand name of "Elegance" and "精雅" in Hong Kong since April 1980, when the founder of our Group, Mr. So, established the printing business as a sole proprietorship known as "Elegance Printing Co." (精雅印刷公司). During the Track Record Period, our Group was not aware of any infringement or disputes in respect of our intellectual property rights against or by any third parties which had a material adverse effect on our business.

LICENCES AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, we had obtained all necessary licences and permits which are material to our business operations from the relevant government authorities. The following table sets forth details of our certificates and permits which are material for our operations:

Certificate/Permit	Number	Issuing Entity	Date of Issuance	Expiry Date
Water Pollution Control Licence	WT00019530-2014	Environmental Protection Department	17 July 2014	31 May 2019
Storage of Dangerous Goods Licences	21002 and 21003	Fire Services Department	29 December 2017	28 December 2018

LEGAL PROCEEDINGS

During the Track Record Period and as at the Latest Practicable Date, save as disclosed in the sections headed "Business — Occupational Health and Safety" above and "Business — Regulatory Compliance" below, we were not a party to any material arbitration, litigation or administrative proceedings which could be expected to have a material adverse effect on our business or results of operations, and we were not aware of any pending or threatened arbitration, litigation or administrative proceedings against us which could be expected to have a material adverse effect on our business or results of operations.

REGULATORY COMPLIANCE

Save as disclosed below, we had complied with applicable Hong Kong laws and regulations in all material respects and were not subject to any material administrative penalties for any non-compliance with Hong Kong laws during the Track Record Period and the subsequent period up to the Latest Practicable Date.

During the Track Record Period and as at the Latest Practicable Date, we had inadvertently contravened certain rules and regulations in Hong Kong, including: (i) Factories and Industrial Undertakings Ordinance; and (ii) Factories and Industrial Undertakings (Safety Management) Regulation ("**FIUSMR**"). The above non-compliance matters were discovered by the Sole Sponsor when it conducted due diligence exercise for the preparation of the Listing in February 2017. Set out below is a summary of the major non-compliance matters of our Group during the Track Record Period and as at the Latest Practicable Date.

Relevant section(s) of the ordinance/ regulation	Name(s) of our Group companies	Particulars of the non-compliance	Cause/reason of the non-compliance	Possible legal consequences and maximum financial impacts	Whether provisions have been made	Rectification actions
Non-compliance under the Factories and Industrial Undertakings Ordinance						
Sections 6A(1), 6A(2) and 6A(3) of the Factories and Industrial Undertakings Ordinance	Elegance Printing HK	In January 2015, an employee sustained an injury at her finger during the operation of an automated envelope machine which resulted in the loss of that finger. The claim under Employees' Compensation Ordinance was covered by the relevant insurance policy maintained by our Group and was settled in September 2016.	The accident took place due to the carelessness of the staff who used her hand to push the paper instead of a stick during operation of the machine. The safety shield was removed by the staff for that particular job.	Legal action was taken against Elegance Printing HK by the Labour Department for failing to provide and maintain a system of work for loading paper onto the envelope machine that was, so far as was reasonably practicable, safe and without risks to health of the employee, and to provide such information, instruction and training as was necessary to ensure, so far as reasonably practicable, the health and safety at work of the employee. Elegance Printing HK admitted the charge and was fined for HK$28,000, which had been settled in full.	No	On the recommendation of the Occupational Safety Officer from the Labour Department on 10 June 2015, our Group has adopted the following rectification measures: (a) Provide and maintain a safe system of work for loading paper onto the envelope machine such as: (i) Conduct proper risk assessment to identify the associated risks in relation to paper loading procedures; (ii) Establish appropriate safe working procedures and safety rules for the paper loading works onto the envelope machine, for example, the envelope machine shall be stopped before the paper loading or stacking processes; (iii) Take adequate steps to ensure that all safe working procedures are adopted and strictly followed by the workers. (b) Provide sufficient instruction, information, training and supervision to the workers involved.

Relevant section(s) of the ordinance/ regulation	Name(s) of our Group companies	Particulars of the non-compliance	Cause/reason of the non-compliance	Possible legal consequences and maximum financial impacts	Whether provisions have been made	Rectification actions
Non-compliance under the FIUSMR						
Sections 8 and 34 of the FIUSMR	Elegance Printing HK	Until March 2017, our Group failed to implement a safety management system.	The non-compliance was due to the unfamiliarity with the relevant legal requirements of the factory manager who was responsible for overseeing the safety management issues together with the absence of timely and professional advice.	The proprietor of the workplace is liable for conviction on a maximum fine of HK$200,000 and to imprisonment for six months. As advised by Mr. Alan Kwong, our legal counsel as to personal injury matters and as to non-compliance with the Factories and Industrial Undertakings Ordinance (Cap.59 of the Laws of Hong Kong), since Elegance Printing HK has taken remedial measures to rectify the breach, the breach was inadvertent and relatively immaterial and minor, the risk of prosecution by the Labour Department is reasonably low and unlikely and the chance of imprisonment of its directors is very unlikely.	No	Immediately upon receiving professional advice, our Group has taken actions to rectify the non-compliance and to prevent any recurrence. Elegance Printing HK has engaged qualified personnel to assist it to establish the relevant safety management system in March 2017.

Relevant section(s) of the ordinance/ regulation	Name(s) of our Group companies	Particulars of the non-compliance	Cause/reason of the non-compliance	Possible legal consequences and maximum financial impacts	Whether provisions have been made	Rectification actions
Non-compliance under the FIUSMR						
Sections 9 and 34 of the FIUSMR	Elegance Printing HK	Until March 2017, our Group failed to prepare a safety policy statement, notify all workers of the statement and its revision to the notice.	The non-compliance was due to the unfamiliarity with the relevant legal requirements of the factory manager who was responsible for overseeing the safety management issues together with the absence of timely and professional advice.	The proprietor (which includes the company and its director) of the workplace is liable on conviction to a fine of HK$100,000 and to imprisonment for three months. As advised by Mr. Alan Kwong, our legal counsel as to personal injury matters and as to non-compliance with the Factories and Industrial Undertakings Ordinance (Cap.59 of the Laws of Hong Kong), since Elegance Printing HK has taken remedial measures to rectify the breach, the breach was inadvertent and relatively immaterial and minor, the risk of prosecution by the Labour Department is reasonably low and unlikely and the chance of imprisonment of its directors is very unlikely.	No	Immediately upon receiving professional advice, our Group has taken actions to rectify the non-compliance and to prevent any recurrence. Elegance Printing HK has established the safety policy statement in March 2017.

Relevant section(s) of the ordinance/ regulation	Name(s) of our Group companies	Particulars of the non-compliance	Cause/reason of the non-compliance	Possible legal consequences and maximum financial impacts	Whether provisions have been made	Rectification actions
Non-compliance under the FIUSMR						
Sections 19 and 34 of the FIUSMR	Elegance Printing HK	Until March 2017, Elegance Printing HK did not appoint a safety review officer to conduct safety review at the workplace and submit the safety audit report in accordance with the FIUSMR.	The non-compliance was due to the unfamiliarity with the relevant legal requirements of the factory manager who was responsible for overseeing the safety management issues together with the absence of timely and professional advice.	The proprietor of the workplace is liable for conviction to a maximum fine of HK$200,000 and to imprisonment for six months. As advised by Mr. Alan Kwong, our legal counsel as to personal injury matters and as to non-compliance with the Factories and Industrial Undertakings Ordinance (Cap.59 of the Laws of Hong Kong), since Elegance Printing HK has taken remedial measures to rectify the breach, the breach was inadvertent and relatively immaterial and minor, the risk of prosecution by the Labour Department is reasonably low and unlikely and the chance of imprisonment of its directors is very unlikely.	No	Immediately upon receiving professional advice, our Group has taken actions to rectify the non-compliance and to prevent any recurrence. Elegance Printing HK has appointed a safety review officer in March 2017.

Our Directors are of the view that the root causes of the non-compliance and breaches of law in relation to our business as set out above was due to the unfamiliarity with the relevant legal requirements of the factory manager who was responsible for overseeing the safety management issues together with the absence of timely and professional advice. In response, our Group has taken the measures to prevent future occurrence of such non-compliance and breaches and improve our corporate governance to ensure compliance with various applicable laws and regulations going forward. Please see the section headed "Business — Internal Control and Corporate Governance" below for further details on the internal control and corporate governance measures adopted by us.

Recommendation of Internal Control Consultant

In preparation for the Listing, our Company has engaged the Internal Control Consultant to review our internal control system, our financial reporting system and control measures on non-compliance incidents. In response to the abovementioned non-compliance, the Internal Control Consultant has recommended (i) the maintenance of a safety system of work for loading paper onto the envelope machine; (ii) engagement of qualified personnel to assist in establishment of relevant safety management system; and (iii) establishment of the safety policy statement.

Our Group has adopted enhanced internal control measures to rectify relevant internal control weaknesses and deficiencies. The Internal Control Consultant concludes that our Group's measures against the non-compliances are effective to prevent similar non-compliances in the future.

DIRECTORS' AND SOLE SPONSOR'S VIEW ON INTERNAL CONTROL MEASURES RELATING TO NON-COMPLIANCE INCIDENTS

Based on the rectification measures taken, our enhanced internal control procedures in place after adoption of the recommendations from the Internal Control Consultant engaged by our Company, and implementation of the relevant measures regarding safety review, our Directors are of the view and the Sole Sponsor concurs that, the internal control measures adopted by our Group are adequate, effective and fit for its current operational environment in reducing the risk of future non-compliance with applicable legal and regulatory requirements and that our Group has effective work safety measures in place. Our Sole Sponsor has confirmed that, after carrying out enquiries on the facts and circumstances leading to the non-compliances and having considered that the non-compliances have no material financial and operational impact on our Group and that such incidents did not involve any dishonesty on the part of our Directors or challenge their integrity or competence, it concurs the views of our Directors that the non-compliances do not affect the suitability of our Directors and our Company for listing under the Rules 5.01, 5.02 and 11.06 of the GEM Listing Rules.

Our Controlling Shareholders have entered into the Deed of Indemnity in favour of our Group whereby they agreed to indemnify our Group, subject to the terms and conditions therein, in respect of any liability which may arise as a result of any non-compliance disclosed above. Further details of the Deed of Indemnity are set out under the section headed "E. Other Information — 3. Tax and other indemnities" in Appendix IV to this prospectus. Our Directors consider that the non-compliance incidents disclosed above will not have any material adverse impact on the operation or financial position or business of our Group.

INTERNAL CONTROL AND CORPORATE GOVERNANCE

In preparation for the Listing, we engaged the Internal Control Consultant to conduct an evaluation of our internal control system and have implemented certain suggestions and recommendations proposed by the Internal Control Consultant to improve and enhance our internal control system. To strengthen our internal control and ensure future compliance with the applicable laws and regulations (including the GEM Listing Rules) after the Listing, we have adopted the following additional internal control measures:

- our Directors attended a training session on applicable laws and regulations in Hong Kong, including the GEM Listing Rules, provided by our legal advisers as to Hong Kong laws on 28 June 2017, 30 June 2017, or 27 July 2017;

- we have appointed Mr. Tam Pei Qiang, Mr. Kwong Chi Wing and Mr. Cheung Wai Lun Jacky as our three independent non-executive Directors to enhance the diversity of our Board and to provide independent view, monitoring and advice to our Group;

- we have appointed a safety review officer and established a safety management system in accordance with the FIUSMR to oversee the implementation and monitoring our internal control and safety matters;

- we have established an audit committee, which will set up formal arrangements to oversee financial reporting and internal control matters to ensure compliance with the GEM Listing Rules and all relevant laws and regulations;

- Our Group has designated Mr. Ho Yui Pang, our Company Secretary, who is a member of the Hong Kong Institute of Certified Public Accountants and a qualified company secretary of Hong Kong Institute of Chartered Secretaries with extensive accounting and auditing experience, to assist us in overseeing corporate governance and internal control matters. Mr. Ho has relevant experience in corporate secretarial and corporate governance matters;

- we have appointed VBG as our compliance adviser upon the Listing to provide advice to our Directors and management team regarding matters relating to the GEM Listing Rules. The term of such engagement will commence on the Listing Date and end on the date on which we distribute our annual report as required under Rule 18.03 of the GEM Listing Rules for the second full financial year commencing after the Listing; and

- we will engage external professional advisers where necessary from time to time to conduct review and provide advice to our Group in respect of compliance matters.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account of any Offer Shares which may be allotted and issued pursuant to the exercise of any option which may be granted under the Share Option Scheme), Mr. So and Mr. Leung (through their shareholding interest in Colorful Bay, Deep Champion and Glorytwin) will be our Controlling Shareholders indirectly and beneficially interested in 75% of our issued share capital.

Save as disclosed above, there is no other person who will, immediately following the completion of the Capitalisation Issue and the Share Offer, be directly or indirectly interested in 30% or more of the Shares then in issue or have a direct or indirect equity interest in any member of our Group representing 30% or more of the equity in such entity.

None of the executive Directors (including independent non-executive Directors), Controlling Shareholders, Substantial Shareholders and their respective close associates are engaged in any business that, directly or indirectly, competes or is likely to compete with the business of our Group, and would require disclosure under Rule 11.04 of the GEM Listing Rules. To minimise the potential competition in the future, our Controlling Shareholders have entered into the Deed of Non-Competition with our Company to the effect that each of them will not, and will procure each of their respective close associates not to, directly or indirectly participate in, or hold any right or interest or otherwise be involved in, any business which may be in competition with the businesses.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Board is satisfied, on the basis of the following, that our Group is capable of carrying on its business independently from our Controlling Shareholders and their respective close associates after the Listing.

Operational Independence

Our Group is not operationally dependent on our Controlling Shareholders. We do not rely on our Controlling Shareholders for our business development, staffing or marketing and sales activities. Our Directors and senior management are responsible for the conduct of our business. We are in possession of all relevant licences necessary to carry on and operate our business and we have sufficient operational capacity in terms of capital and employees to operate independently. Our Directors are of the view that there is no operational dependence by us on our Controlling Shareholders.

During the Track Record Period, we rented the premises for our printing production factory in Shaukeiwan, Hong Kong directly from the landlord, Global Window (which is indirectly owned as to 90% and 10% by Mr. So and Mr. Leung, respectively). For the two years ended 31 March 2017 and the seven months ended 31 October 2017, we incurred rental expenses for the production premises for the total sum of approximately HK\$6.6 million, HK\$6.6 million and HK\$3.7 million respectively. We were still renting the premises as at the Latest Practicable Date and will continue to rent the premises after Listing. For details, please refer to the section headed "Connected Transactions" in this prospectus. During the Track Record Period, we have entered into various transactions with our related parties, the details of which are set out in Note 27 to the Accountants' Report set forth in Appendix I to this prospectus. Save for the tenancy agreement with Global Window as discussed above, these transactions have been terminated (or the party has ceased to be a related party) as at the Latest Practicable Date.

Despite the above lease from Global Window which will continue upon Listing, we have independent access to our suppliers, customers and an independent management team to handle our day-to-day operations. We operate through the licences held by our Group. We have established operational structure comprising individual departments, each with specific areas of responsibilities. Therefore, our Directors are of the view that there is no operational dependence by us on our Controlling Shareholders.

Management Independence

Our management and operational decisions are made by our Board and senior management. Our Board consists of five Directors, comprising two executive Directors and three independent non-executive Directors. Our executive Directors, Mr. So and Mr. Leung, are also directors of Colorful Bay, Deep Champion and/or Glorytwin, which are our Controlling Shareholders.

Our daily management and operations are carried out by our senior management team. None of the members of our senior management team hold any board or other executive position in, or are employed by, any entity controlled by our Controlling Shareholders outside our Group. We consider that our Board and senior management will function independently from our Controlling Shareholders because:

(a) each Director is aware of his/her fiduciary duties as a Director which require, among others, that he or she acts for the benefit and in the best interest of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interests;

(b) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions, and shall not be counted in forming quorum. Our Group has also adopted certain corporate governance measures for conflict situation, details of which are set out in the section headed "Relationship with Controlling Shareholders — Corporate governance measures" below; and

(c) our Board comprises five Directors and three of them are independent non-executive Directors, which represents over one-third of the Board. This is in line with the GEM Listing Rules.

Financial Independence

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs. We also have our own treasury function which is operated independently from our Controlling Shareholders. We are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders. Our Directors are of the view that there is no financial dependence by us on our Controlling Shareholders.

As of 31 October 2017, (i) a sum of approximately HK$0.3 million was owned to Glorytwin (one of our Controlling Shareholders) which was settled in December 2017; and (ii) bank borrowings and facilities of our Group for which any of our Controlling Shareholders has provided personal and corporate guarantees will be released upon Listing and replaced by a corporate guarantee of our Company. In the circumstances, we believe we are capable of obtaining financing from third parties without reliance on our Controlling Shareholders.

DEED OF NON-COMPETITION

In order to avoid any future competition between our Group and our Controlling Shareholders, each of our Controlling Shareholders has under the Deed of Non-competition undertaken and covenanted with our Company (for itself and as trustee for its subsidiaries) that for so long as he/she/it and/or his/her/its close associates, directly or indirectly, whether individually or taken together, remain a Controlling Shareholder:

(i) he/she/it will not, and will procure his/her/its close associates not to (other than through our Group or in respect of each Controlling Shareholder (together with his/her/its close associates), as a holder of not more than 5% of the issued shares or stock of any class or debentures of any company listed on any recognised stock exchange and that he/she/it and his/her/its respective close associate(s) do not control the composition of a majority of the board of directors of such company in question) directly or indirectly carry on, engage or otherwise be interested (in each case whether as shareholder, director, partner, agent, employee or otherwise and whether for profit, reward or otherwise) in any business which is or may be in competition with the business carried on by our Group from time to time (including but not limited to commercial printing and financial printing) (the "**Restricted Business**"), except where our Company's approval as mentioned in the paragraph below is obtained;

Our Controlling Shareholders and their respective close associates are entitled to engage or have an interest in any Restricted Business if after offering the New Business Opportunities (as defined below) to our Company pursuant to (ii) below, our Company has confirmed in writing (the "**Approval Notice**") that none of our Group members wishes to be engaged or interested in the relevant Restricted Business and it has approved the relevant Controlling Shareholder and their respective close associates to engage or have any interest in the Restricted Business. When New Business Opportunities are referred to our Company, the independent non-executive Directors will consider such opportunity on various aspects including viability and profitability. Any Director who is interested in the relevant Restricted Business shall not vote on relevant resolutions approving the Approval Notice;

(ii) if any of our Controlling Shareholders and/or his/her/its close associates decide to invest, be engaged, or participate in any Restricted Business, whether directly or indirectly, in compliance with the Deed of Non-competition, he/she/it will and/or will procure his/her/its close associates (other than members of our Group) to disclose the terms of such investment, engagement or participation to our Company and our Directors as soon as practicable and use his/her/its best endeavors to procure that such investment, engagement or participation (the "**New Business Opportunities**") is offered to our Company on terms no less favourable than the terms on which such investment, engagement or participation is offered to him/her/it and/ or his/her/its close associates;

(iii) he/she/it will not, and will procure his/her/its close associates not to, directly or indirectly, solicit, interfere with or entice away from any member of our Group, any natural person, legal entity, enterprise or otherwise who, to any of our Controlling Shareholder's knowledge, as at the date of the Deed of Non-competition, is or has been or will after the date of the Deed of Non-competition be, a customer, supplier, distributor, sales or management, technical staff or an employee (of managerial grade or above) of any member of our Group; and

(iv) he/she/it will not, and will procure his/her/its close associates not to, exploit his/her/its knowledge or information obtained from our Group to compete, directly or indirectly, with the Restricted Business.

The Deed of Non-competition and the rights and obligations thereunder are conditional and will take effect immediately upon Listing.

The obligations of a Controlling Shareholder under the Deed of Non-competition will remain in effect until:

(a) the date on which the Shares cease to be listed on the Stock Exchange; or

(b) the Controlling Shareholder and his/her/its close associates, individually and/or collectively, cease to be deemed as a Controlling Shareholder of our Company (within the meaning defined in the GEM Listing Rules from time to time); or

(c) the Controlling Shareholder and his/her/its close associates, individually and/or collectively beneficially own or are interested in the entire issued share capital of our Company, whichever occurs first.

Nothing in the Deed of Non-competition shall prevent our Controlling Shareholder or any of their close associates from carrying on any business whatsoever other than the Restricted Business.

CORPORATE GOVERNANCE MEASURES

The following corporate governance measures will be adopted to monitor the compliance of the Deed of Non-competition:

(a) Our independent non-executive Directors shall review, at least on an annual basis, the compliance with the Deed of Non-competition by our Controlling Shareholders and their respective close associates on their existing or future competing businesses;

(b) Our Controlling Shareholders shall promptly provide all information necessary for the annual review by our Company's independent non-executive Directors and the enforcement of the Deed of Non-competition and provide to our Company a written confirmation relating to the compliance of the Deed of Non-competition and make an annual declaration on compliance with the Deed of Non-competition in the annual report of our Company;

(c) Our Company shall disclose decisions on matters reviewed by its independent non-executive Directors relating to the compliance and enforcement of the Deed of Non-competition by our Controlling Shareholders either through the corporate governance report as set out in the annual report of our Company, and/or by way of announcements to the public;

(d) Any New Business Opportunities under the Deed of Non-competition and all other matters determined by the Board as having a potential conflict of interest with our Controlling Shareholders will be referred to the independent non-executive Directors for discussion and decision. When necessary, such independent non-executive Directors will engage an independent financial advisor to advise them on the relevant matters. In the event any New Business Opportunities presented by or otherwise arising in connection with any of our Controlling Shareholders are turned down by our Group according to the Deed of Noncompetition, our Company will disclose the decision, as well as the basis for such decision in the annual report or interim report of our Company. The annual report of our Company will include the views and decisions, with bases, of the independent non-executive Directors on whether to take up any New Business Opportunities under the Deed of Non-competition or other matters having a potential conflict of interest with our Controlling Shareholders that have been referred to the independent non-executive Directors. Our independent non-executive Directors will review, on an annual basis, the Deed of Non-Competition to ensure compliance with the non-compete undertaking by our Controlling Shareholders;

(e) Further, if a Controlling Shareholder or a Director has a conflict of interest in a matter to be considered, he/she/it shall act in accordance with the requirements of the GEM Listing Rules, regarding voting on such matter; and

(f) The compliance advisor of our Company shall provide our Company with professional advice on compliance of continuing obligations under the GEM Listing Rules in accordance with the provisions of the compliance advisor agreement and the requirements of the GEM Listing Rules.

Further, our Company has adopted the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules (the "**Code**") and will comply with the code provisions in the Code. The Code sets out principles of good corporate governance in relation to, among other matters, directors, the chairman and chief executive officer, board composition, the appointment, re-election and removal of directors, their responsibilities and remuneration and communications with shareholders.

Our Company is also required to comply with the GEM Listing Rules, which provides, among other matters, prohibitions on directors' dealings in securities and protection of minority shareholders' rights.

Our Directors are therefore satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders, and to protect minority shareholders' rights after the Listing.

Our Company is committed to the view that our Board should include a balanced composition of executive and independent non-executive Directors so that there is a strong independent element on our Board which can effectively exercise independent judgment. Our independent non-executive Directors, details of whom are set out in the section headed "Directors and Senior Management" in this prospectus, individually and together possess the requisite knowledge and experience to be a member of our Board.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions with our connected persons which will continue following the Listing and will constitute non-exempt continuing connected transactions within the meaning of the GEM Listing Rules.

CONNECTED PERSONS

Global Window (a limited company incorporated in Hong Kong) is indirectly owned as to 90% and 10% by Mr. So and Mr. Leung, respectively.

Mr. So and Mr. Leung are executive Directors and the Controlling Shareholders of our Company. Hence, Global Window is an associate of Mr. So and Mr. Leung, and is considered as a connected person of our Group under Chapter 20 of the GEM Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Tenancy agreement relating to Hong Kong premises in Shaukeiwan

A tenancy agreement (the "**Shaukeiwan Premises Tenancy Agreement**") dated 31 March 2017 was entered into between Global Window, as landlord, and Elegance Printing HK, as tenant, pursuant to which Global Window agreed to lease to Elegance Printing HK the ground floor, first floor, second floor, third floor, fourth floor and fifth floor of No.8 A Kung Ngam Village Road, Shaukeiwan, Hong Kong, with a usable area of approximately 52,860.7 square feet, plus the right to use any three parking spaces in the building, for a term of three years commencing on 1 April 2017 and ending on 31 March 2020 (both days inclusive) (the "**Rental Period**"). Elegance Printing HK has an option to renew the tenancy for a maximum period of three years by giving three months' prior written notice before expiry of the Rental Period, subject to the relevant laws, rules and regulations, the relevant requirements (including but not limited to reporting, announcement, independent shareholders' approval and annual review requirements (where applicable)) under the GEM Listing Rules or the Listing Rules (whichever is applicable to our Company). Monthly rent during the renewal term shall be adjusted on normal commercial terms for comparable space in the building at which the premises is situated and in other similar buildings in the same rental market in Shaukeiwan, Hong Kong as at the date of the renewal term is to commence.

Pursuant to the Shaukeiwan Premises Tenancy Agreement, Elegance Printing HK shall pay Global Window a monthly rent in the sum of HK$528,607 (inclusive of government rent and rates and management fees) during the Rental Period.

The Shaukeiwan Premises Tenancy Agreement may be terminated by a six months prior written notice given by either party to the other.

Historical transaction value

The aggregate amounts of rent paid to Global Window for the two years ended 31 March 2017 and the seven months ended 31 October 2017 were approximately HK$6.6 million, HK$6.6 million and HK$3.7 million, respectively.

Annual caps

The maximum amount of annual rent payable to Global Window by our Group for each of the three years ending 31 March 2020 pursuant to the Shaukeiwan Premises Tenancy Agreement shall not exceed the annual caps set out below:

	For the year ended 31 March	For the year ending 31 March	
	2018	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*
Rent payable	6,344	6,344	6,344

Basis for determining the Annual caps

In determining the annual caps, our Directors have considered (i) the historical transaction amount; and (ii) the view of the independent property valuer that the rentals payable under the Shaukeiwan Premises Tenancy Agreement is consistent with market rent and comparable to the prevailing market rates of similar properties in the locality.

As Elegance Printing HK has been using the properties historically, our Directors are of the view that it is in the interest of our Group in terms of cost, time and stability to enter into the Shaukeiwan Premises Tenancy Agreement instead of finding and relocating to an alternative property in particular given that it is the production base of our Group's printing business.

Our Directors confirm that the annual rental payable under the Shaukeiwan Premises Tenancy Agreement is determined on normal commercial terms and with reference to the prevailing market rates of similar properties in the locality.

GEM Listing Rules Implications

Each of the percentage ratios (other than the profits ratio) under Chapter 19 of the GEM Listing Rules, where applicable, in respect of the Shaukeiwan Premises Tenancy Agreement is, on an annual basis, more than 0.1% but less than 5%. Therefore, the transactions under the Shaukeiwan Premises Tenancy Agreement will be exempted from the independent shareholders' approval requirements but are subject to the reporting and announcement and annual review requirements under Chapter 20 of the GEM Listing Rules.

Confirmation from Directors

Our Directors (including the independent non-executive Directors), having (a) reviewed the relevant documentation, the Shaukeiwan Premises Tenancy Agreement, the report by the independent property valuer; and (b) considered the pricing principles, the annual caps, reasons for the above continuing connected transactions, are of the view that:

(i) the above continuing connected transactions have been and shall be entered into in the ordinary and usual course of our Group's business and is based on normal commercial terms, being terms which a party could obtain if the transactions were on an arm's length basis, or on terms that are fair and reasonable and in the interest of the Shareholders as a whole, or on terms that are no less favourable to our Group than terms available to or from an Independent Third Party; and

(ii) the proposed annual caps for the transactions under the Shaukeiwan Premises Tenancy Agreement are fair and reasonable and in the interests of our Group and our Shareholders as a whole.

Confirmation from the Sole Sponsor

Having considered (a) the terms of the Shaukeiwan Premises Tenancy Agreement; (b) the view of the independent property valuer that the rentals payable under the Shaukeiwan Premises Tenancy Agreement is consistent with the market rent and comparable to the prevailing market rates of similar properties in the locality, and are fair and reasonable; and (c) the basis for determining the annual caps, the Sole Sponsor, VBG Capital Limited, considered that the above continuing connected transaction contemplated under the Shaukeiwan Premises Tenancy Agreement is in the ordinary course of business of our Group on normal commercial terms and is fair and reasonable and in the interest of the Shareholders as a whole, and that the proposed annual caps set for the above transaction are fair and reasonable and in the interests of our Group and our Shareholders as a whole.

Application for waiver

Under the GEM Listing Rules, the non-exempt continuing connected transaction under the Shaukeiwan Premise Tenancy Agreement will be subject to the reporting, announcement and annual review requirements. As the transaction was entered into prior to the Listing Date, and the details of which have been fully disclosed in this prospectus, our Directors consider that strict compliance with the announcement requirements under the GEM Listing Rules would be unduly burdensome and would at times be impractical as well as imposing additional administrative costs to our Company. Accordingly, our Company has, pursuant to Rule 20.103 of the GEM Listing Rules, applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement requirement relating to the abovementioned non-exempt continuing connected transaction, subject to (i) each of the annual caps stated above is not exceeded; and (ii) apart from the abovementioned announcement requirement of which a waiver is sought, our Company will comply with the relevant requirements under Chapter 20 of the GEM Listing Rules upon Listing.

BOARD OF DIRECTORS

Our Board of Directors consists of two executive Directors and three independent non-executive Directors. The table below sets forth certain information in respect of the members of the Board of Directors of our Company.

Members of our Board

Name	Age	Date of joining our Group	Date of appointment as Director	Position	Roles and Responsibilities	Relationship with other Directors and senior management
Executive Directors						
Mr. So Wing Keung (蘇永強)	65	April 1992	January 2017	Executive Director, chairman of the Board and Chief Executive Officer	Overall strategic planning and supervising daily operation of our Group	None
Mr. Leung Shu Kin (梁樹堅)	65	February 1999	January 2017	Executive Director	Overall strategic planning and supervising financial printing aspects of our Group, and a member of the remuneration committee and nomination committee	None
Independent non-executive Directors						
Mr. Tam Pei Qiang (譚沛強)	43	April 2018	April 2018	Independent non-executive Director	Supervising and providing independent judgment to the Board, chairman of remuneration committee and a member of audit committee	None
Mr. Kwong Chi Wing (鄺治榮)	40	April 2018	April 2018	Independent non-executive Director	Supervising and providing independent judgment to the Board, chairman of audit committee and a member of nomination committee	None
Mr. Cheung Wai Lun Jacky (張偉倫)	44	April 2018	April 2018	Independent non-executive Director	Supervising and providing independent judgment to the Board, chairman of nomination committee, a member of remuneration committee and audit committee	None

Executive Directors

Mr. So Wing Keung (蘇永強) ("Mr. So"), aged 65, the founder of our Group, was appointed as our Director on 24 January 2017 and re-designated as our executive Director on 11 September 2017. Mr. So was appointed as the chairman of the Board of our Company on 11 September 2017. He is also the founder and a director of Elegance Printing HK since April 1992, a director of Elegance Finance Printing Services HK since February 1995, a director of Teamco Translation since April 1998 and a director of Elegance Document Solutions since December 1998. Mr. So is also a director of Elegance Printing Holding BVI and Elegance Printing Service Holding BVI since February 2017. He is primarily responsible for overall strategic planning and supervising daily operation of our Group.

Mr. So has over 38 years of experience in the printing industry in Hong Kong. Prior to establishing our Group in April 1992, Mr. So established Elegance Printing Co. as a sole proprietorship in April 1980 which was engaged in the business of commercial printing.

Mr. So completed primary school education in Macau and commenced his career as a printing apprentice in 1967 thereafter. In early 1970s, Mr. So moved to Hong Kong to work as a printing technician in the printing industry until he established Elegance Printing Co. as a sole proprietorship in April 1980.

Mr. So does not have any current or past directorship in any listed companies in the last three years prior to the Latest Practicable Date.

Mr. Leung Shu Kin (梁樹堅) ("Mr. Leung"), aged 65, was appointed as our Director on 24 January 2017 and re-designated as our executive Director and compliance officer of our Company on 11 September 2017, and is primarily responsible for overall strategic planning internal control and supervising the financial printing aspects of our Group. He is a member of the remuneration committee and nomination committee. Mr. Leung joined our Group in February 1999 to primarily supervise the financial printing operation of our Group. Since then, Mr. Leung has over 19 years of experience in the printing industry. Prior to joining our Group, Mr. Leung has served in a number of internationally renowned banks and has accumulated abundant corporate and management experience. He worked at the Bank of America from July 1978 to May 1983 and then at The First National Bank of Boston, Hong Kong until April 1992, primarily responsible for corporate lending and credit control matters. In May 1992, he worked at Banco Seng Heng (誠興銀行) (currently known as Industrial and Commercial Bank of China (Macau)) as the group general manager until January 1994. After that, Mr. Leung focused on his own business, Parktrade Finance Company Limited and Parktrade Financial Consultants Limited, until he joined our Group in February 1999.

Mr. Leung is also a director of Elegance Printing HK since May 2001, a director of Elegance Finance Printing Services HK since December 2001, a director of Teamco Translation since December 2001 and a director of Elegance Document Solutions since December 2001. Mr. Leung is also a director of Elegance Printing Holding BVI and Elegance Printing Service Holding BVI since February 2017.

Mr. Leung was an independent non-executive Director at China HKBridge Holdings Limited (formerly known as Topsearch International (Holdings) Limited) (stock code: 2323), a company listed on the Main Board of the Stock Exchange, from September 2004 to March 2016.

Mr. Leung graduated from the University of Windsor in May 1976 with a bachelor's degree in commerce and a bachelor's degree of arts majoring in economics. He obtained a master of business administration degree from the Chinese University of Hong Kong in November 1978.

Mr. Leung was a director of the following companies when they were dissolved, or within 12 months before they were dissolved, other than by member's voluntary winding-up with details as follows:

Name of Company	Means of dissolution	Date of commencement of winding up procedure/notice of deregistration/ notice of striking off	Date of dissolution
China Guangdong Fortune Forex Company Limited ("**CG Fortune**") (a limited liability company incorporated in Hong Kong)	Striking off pursuant to section 291 of the Predecessor Companies Ordinance *(Note 1)*	30 May 2003	26 September 2003 *(Note 2)*
Parktrade Finance Company Limited (a limited liability company incorporated in Hong Kong)	Dissolved by deregistration pursuant to section 291AA of the Predecessor Companies Ordinance *(Note 3)*	21 December 2001	12 April 2002
Parktrade Financial Consultants Limited (a limited liability company incorporated in Hong Kong)	Dissolved by deregistration pursuant to section 291AA of the Predecessor Companies Ordinance	21 December 2001	12 April 2002
I-Content Trademarks Limited (a limited liability company incorporated in Hong Kong)	Dissolved by deregistration pursuant to section 291AA of the Predecessor Companies Ordinance	16 January 2004	7 May 2004
Movie Download Limited (a limited liability company incorporated in Hong Kong)	Dissolved by deregistration pursuant to section 291AA of the Predecessor Companies Ordinance	16 January 2004	7 May 2004

Note 1: Under section 291 of the Predecessor Companies Ordinance, the Registrar of Companies in Hong Kong can strike a defunct company off from the register of companies.

Note 2: Although Mr. Leung was a director of CG Fortune at the relevant time, he acted as the external consultant of CG Fortune for the purpose of advising on the set up of its structure/business and he was not involved in its daily management or operations. He completed his duties in or about one year since he acted as director of the company on 1 December 1994, and then he had ceased to act as the consultant of CG Fortune. Since then, he had no involvement in management or operations of CG Fortune and did not hold any shares in CG Fortune. As CG Fortune was struck off more than 14 years ago and given his passive role in CG Fortune, Mr. Leung had no access to the financial records and therefore is not keeping such records now in particular the amount of indebtedness of CG Fortune at the time of the dissolution.

Note 3: Under section 291AA of the Predecessor Companies Ordinance, an application for deregistration can only be made if (a) all the members of the company agreed to such deregistration; (b) the company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than 3 months immediately before the application; and (c) the company has no outstanding liabilities.

Mr. Leung confirmed that, to the best of his knowledge, the above dissolved companies, other than CG Fortune, were solvent and inactive at the time of being struck off and/or deregistered. Mr. Leung further confirmed that there is no wrongful act on his part leading to the dissolution of all the above companies and he is not aware of any actual or potential claim which has been or will be made against him as a result of the dissolution of all these companies.

Independent non-executive Directors

Mr. Tam Pei Qiang (譚沛強) ("Mr. Tam"), aged 43, was appointed as an independent non-executive Director of our Company on 19 April 2018, and is primarily responsible for supervising and providing independent judgment to the Board. He is the chairman of the remuneration committee and a member of the audit committee.

Mr. Tam has experience in the areas of accounting, auditing and company secretarial works. Mr. Tam worked for Hoosang, Lyn, Li & Co. Ltd., a firm of certified public accountants, from August 1999 to April 2003 and last held the position of an audit senior. From May 2003 to March 2004, Mr. Tam worked for Cosmic Digital Technology Co., Limited, as an accountant. From April 2004 to February 2005, Mr. Tam worked for Da Ning Pharmaceutical Factory Limited as a deputy manager. From May 2005 to August 2014, Mr. Tam worked for Green Energy Group Limited (stock code: 0979), firstly as the financial controller, company secretary and authorised representative, and last held the positions of company secretary and authorised representative. From September 2014 to March 2015, Mr. Tam worked as the financial controller of China Nan Feng Properties Limited. From October 2015 to February 2017, Mr. Tam worked for Perfect Group International Holdings Limited (stock code: 3326), as the financial controller, company secretary and authorised representative. From August 2015 to January 2018, Mr. Tam was the financial controller of Henter Travel Development Limited. Since February 2018, Mr. Tam is the financial controller of Henter Properties Limited. From July 2009 to June 2010, Mr. Tam was an independent non-executive director of China City Infrastructure Group Limited (stock code: 2349), a company listed on the Main Board of the Stock Exchange.

Mr. Tam obtained a bachelor's degree in accountancy from the Hong Kong Polytechnic University in December 1999. Mr. Tam has been a member of the Association of Chartered Certified Accountants since May 2003 and a certified public accountant of the Hong Kong Institute of Certified Public Accountants since April 2005.

Mr. Tam was a director of the following company when it was dissolved, or within 12 months before it was dissolved, other than by member's voluntary winding-up with details as follows:

Name of Company	Means of dissolution	Date of commencement of winding up procedure/notice of deregistration/ notice of striking off	Date of dissolution
Privilege Sino Limited (a limited liability company incorporated in Hong Kong)	Dissolved by Deregistration Pursuant to section 291AA of the Predecessor Companies Ordinance *(Note 1)*	9 February 2007	1 June 2007

Note 1: Under section 291AA of the Predecessor Companies Ordinance, an application for deregistration can only be made if (a) all the members of the company agreed to such deregistration; (b) the company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than 3 months immediately before the application; and (c) the company has no outstanding liabilities.

Mr. Tam confirmed that, to the best of his knowledge, the above dissolved company was solvent and inactive at the time of being deregistered. Mr. Tam further confirmed that there is no wrongful act on his part leading to the dissolution of the above company and he is not aware of any actual or potential claim which has been or will be made against him as a result of the dissolution of the company.

Mr. Kwong Chi Wing (鄺治榮) ("Mr. Kwong"), aged 40, was appointed as an independent non-executive Director of our Company on 19 April 2018, and is primarily responsible for supervising and providing independent judgment to the Board. He is the chairman of the audit committee and a member of the nomination committee.

Mr. Kwong has experience in accounting, auditing, corporate finance and financial management. Since September 2001, Mr. Kwong has worked in a number of accounting firms and private and public companies, serving positions such as accountant, audit manager, and finance manager. From May 2012 to February 2014, Mr. Kwong served as the financial controller of Topping Win International Limited. From March 2014 to October 2015, he served as the financial controller of Global Swimwear Limited. Since November 2015, Mr. Kwong has served as the chief financial officer of Fook Tai Jewellery Group Limited.

Mr. Kwong obtained a higher diploma in accountancy from the City University of Hong Kong in November 1999 and a bachelor's degree in accountancy from the Hong Kong Polytechnic University in November 2002. He has been an associate of the Hong Kong Society of Accountants (currently known as the Hong Kong Institute of Certified Public Accountants) since April 2004 and a fellow of the Association of Chartered Certified Accountants in May 2009.

Mr. Cheung Wai Lun Jacky (張偉倫) ("Mr. Cheung"), aged 44, was appointed as an independent non-executive Director of our Company on 19 April 2018, and is primarily responsible for supervising and providing independent judgment to the Board. He is the chairman of the nomination committee and a member of the remuneration committee and audit committee.

Mr. Cheung obtained a bachelor of laws degree and a postgraduate certificate in laws from The University of Hong Kong in November 1995 and June 1996, respectively. He was admitted as a solicitor of the High Court of Hong Kong in November 1998 and is currently a practising solicitor in Hong Kong. Mr. Cheung has over 17 years of post-qualification experience in the legal profession. From September 2001 to December 2007 and from November 2008 to September 2012, Mr. Cheung worked as a senior associate at Mayer Brown JSM (formerly known as JSM from January 2008 to April 2010 and Johnson Stokes & Master until January 2008), a Hong Kong-based law firm. From June 2013 to March 2015, he served as an associate and was further promoted to a partner in D.S. Cheung & Co., a law firm in Hong Kong. Since April 2015, Mr. Cheung has been a consultant at Loeb & Loeb LLP (formerly known as Pang & Co. in association with Loeb & Loeb LLP), a law firm in Hong Kong. Mr. Cheung has been an independent non-executive director of CHerish Holdings Limited (stock code: 2113) since September 2016, an independent non-executive director of Geotech Holdings Ltd. (stock code: 1707) since September 2017, an independent non-executive director of Kin Pang Holdings Limited (stock code: 1722) since November 2017, and an independent non-executive director of AV Promotions Holdings Limited (stock code: 8419) since December 2017.

Disclosure required under Rule 17.50(2) of the GEM Listing Rules

Save as disclosed above, none of our Directors:

(i) held any other positions in our Company or other members of our Group as at the Latest Practicable Date;

(ii) had any other relationship any Directors, senior management or substantial Shareholders of our Company as at the Latest Practicable Date; and

(iii) save as disclosed in the section "C. Further Information about our Directors and Substantial Shareholders" in Appendix IV to this prospectus, has any interest in our Shares within the meaning of Part XV of the SFO.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors, having made all reasonable enquiries, there are no other matters relating to the appointment of Directors that need to be brought to the attention of our Shareholders, nor is there any information relating to our Directors that is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 17.50(2) of the GEM Listing Rules, including matters relating to directorship held by Directors in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the Latest Practicable Date.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below shows certain information in respect of the senior management of our Company.

Name	Age	Date of joining our Group	Position	Roles and Responsibilities	Relationship with other Directors and senior management
Mr. Wong Kin Pong (黃建邦)	59	March 1983	Senior operation director	Supervising the operations, sales and quality control of printing matters of our Group	None
Ms. Chan Tsz Wan (陳子韻)	46	July 1995	Senior account director	Supervising sales and marketing aspect of our Group	None
Ms. Eugenia Wong (黃懿君)	42	June 2000	Translation operation director	Supervising translation operation of our Group	None
Ms. Kent Shun Ming (簡順明)	50	April 1996	Chief financial officer	Supervising finance and administration aspect of our Group	None
Mr. Ho Yui Pang (何銳鵬)	32	June 2017	Company secretary and finance director	Overseeing corporate secretarial duties and corporate governance matters of our Group, and assisting the chief financial officer	None

Mr. Wong Kin Pong (黃建邦) ("Mr. Wong"), aged 59, is currently the senior operation director of our Group. Mr. Wong is primarily responsible for supervising operations, sales and quality control matters of printing matters of our Group.

Mr. Wong has over 30 years of experience in the printing industry in Hong Kong. He joined Mr. So's printing business "Elegance Printing Co." in March 1983, primarily responsible for printing operation. He joined our Group since incorporation, and was engaged for the positions of sales manager and senior operation director.

Mr. Wong is also a director of Elegance Printing HK since September 1992, a director of Elegance Finance Printing Services HK since February 1995, a director of Teamco Translation since April 1998 and director of Elegance Document Solutions since December 2001.

Mr. Wong was awarded a Craft Certificate in Graphic Reproduction (Apprentices) by the Vocational Training Council on 31 July 1980.

Ms. Chan Tsz Wan（陳子韻）("Ms. Chan"), aged 46, is currently the senior account director of our Company. Ms. Chan is primarily responsible for supervising sales and marketing in our Group.

Ms. Chan has over 23 years of experience in the printing industry. In July 1995, she joined our Group as sales executive until September 2006. In February 2007, she re-joined our Group as our senior account director.

Ms. Chan received the higher diploma certificate in public and social administration from City Polytechnic of Hong Kong (currently known as City University of Hong Kong) in December 1994, and obtained a bachelor of arts degree in public administration and management from De Montfort University through part-time mode in June 1997.

Ms. Eugenia Wong（黃懿君）("Ms. Wong"), aged 42, is currently the translation operation director of our Company. Ms. Wong is primarily responsible for overseeing the translation operation and supervising the translation team of our Group.

Ms. Wong has accumulated over 17 years of experience in translation matters. She joined our Group in June 2000, serving various positions ranging from translator, senior translation manager to current position as translation operation director.

Ms. Wong is a shareholder of 15% shareholding interest in Teamco Translation, being a subsidiary of our Group.

Ms. Wong obtained a degree of bachelor of arts, double-majoring in English literature and comparative literature with first class honour from the University of Hong Kong in November 2000.

Ms. Kent Shun Ming（簡順明）("Ms. Kent"), aged 50, is the chief financial officer of our Company, and oversees the financial and administrative functions of our Group.

Ms. Kent has over 22 years of experience in the printing industry and financial and administrative matters and over 28 years of experience in accounting. Prior to joining our Group, Ms. Kent worked at various accounting firms and companies between July 1989 and January 1996, holding posts ranging from junior audit clerk to assistant accountant, primarily responsible for accounting matters. She joined our Group in April 1996, since then she has served as internal accountant and financial and administrative manager, and subsequently promoted to chief financial officer of our Group.

Ms. Kent obtained a diploma in accountancy from Sha Tin Technical Institute（沙田工業學院）in July 1989, and a master of business administration degree in part-time mode from Murdoch University in March 2000. She has been admitted as a certified public accountant since January 1998, and became a fellow of the Hong Kong Institute of Certified Public Accountants since July 2005.

Mr. Ho Yui Pang (何銳鵬), aged 32, was appointed as our company secretary and finance director on 2 May 2017. He is primarily responsible for overseeing corporate secretarial duties and corporate governance matters of our Group and assisting the chief financial officer. Mr. Ho has over eight years of auditing, accounting and company secretarial experiences in international reputable accounting firms and listed companies. Mr. Ho worked in several international accounting firms from October 2008 to May 2013. Afterwards, from May 2013 to December 2013, Mr. Ho was an assistant finance manager and assistant company secretary of Hoifu Energy Group Limited (stock code: 0007). From March 2014 to October 2015, he worked in Town Ally Investment Company Limited, where he served in various positions including accounting manager, and the company secretary and authorised representative of China Demeter Financial Investment Limited (formerly known as China Demeter Investments Limited and Oriental Unicorn Agricultural Group Limited) (stock code: 8120). He joined China Green Holdings Limited (stock code: 0904) as an accounting manager between November 2015 and March 2017.

Mr. Ho obtained a bachelor of business degree majoring in accounting from the City University of Hong Kong in November 2008. Mr. Ho has also been admitted as a qualified accountant of Hong Kong Institute of Certified Public Accountants since May 2012 and a qualified company secretary of Hong Kong Institute of Chartered Secretaries since June 2016.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors, having made all reasonable enquiries, none of the above members of senior management has been a director of in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the Latest Practicable Date.

COMPANY SECRETARY

Mr. Ho Yui Pang (何銳鵬), aged 32, is our company secretary and finance director. His biography is set out in the paragraph headed "Senior Management" of this section above.

COMPLIANCE OFFICER

Mr. Leung Shu Kin (梁樹堅), aged 65, has been the compliance officer of our Company. His biography is set out in the paragraph headed "Executive Directors" of this section above.

AUTHORISED REPRESENTATIVES

Mr. So and Mr. Ho Yui Pang are the authorised representatives of our Company.

BOARD COMMITTEES

Audit Committee

Our Company established an audit committee pursuant to a resolution of our Directors passed on 19 April 2018 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and paragraph C.3.3 and C.3.7 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The audit committee consists of three independent non-executive Directors being Mr. Kwong, Mr. Tam and Mr. Cheung. Mr. Kwong, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules, serves as the chairman of the audit committee. The primary duties of the audit committee are (i) to assist the Board in providing an independent view of the effectiveness of our Group's financial reporting process, internal control and risk management systems; (ii) to oversee the audit process; (iii) to make recommendations to our Board on the appointment and removal of external auditors; (iv) to monitor any continuing connected transaction; (v) to ensure the compliance with relevant laws and regulations and performance of the corporate governance functions delegated by our Board; and (vi) to perform other duties and responsibilities as assigned by the Board.

Remuneration Committee

Our Company established a remuneration committee pursuant to a resolution of our Directors passed on 19 April 2018 with written terms of reference in compliance with paragraph B.1.2 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The remuneration committee consists of two independent non-executive Directors being Mr. Tam and Mr. Cheung, and an executive Director, Mr. Leung. Mr. Tam, an independent non-executive Director, serves as the chairman of the remuneration committee. The primary duties of the remuneration committee include but without limitation, the following: (i) making recommendations to our Directors on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) determining the terms of the specific remuneration package of all Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

Nomination Committee

Our Company also established a nomination committee pursuant to a resolution of our Directors passed on 19 April 2018 with written terms of reference in compliance with paragraph A.5.2 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules.

The nomination committee consists of two independent non-executive Directors namely Mr. Cheung and Mr. Kwong, and an executive Director, Mr. Leung. Mr. Cheung serves as the chairman of the nomination committee. The primary function of the nomination committee include, without limitation, reviewing the structure, size and composition of the Board of Directors, assessing the independence of independent non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors.

COMPLIANCE WITH CORPORATE GOVERNANCE

Our Company will comply with all code provisions under the Principles of Good Governance, Code Provisions and Recommended Best Practices in Appendix 15 to the GEM Listing Rules (the "**Code**") after the Listing except for the paragraph A.2.1 of the Code, which provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of chairman and chief executive officer of our Company are both performed by Mr. So. We consider that having Mr. So acting as both our chairman and chief executive officer will provide a strong and consistent leadership to our Group and allow for more effective strategic planning and management of our Group. Further in view of Mr. So experience in the industry, personal profile and role in our Group and historical development of our Group, we consider it is to the benefit of our Group in the business prospects that Mr. So continues to act as both our chairman and chief executive officer after the Listing. We consider that the balance of power and authority of the present arrangement will not be impaired as the Board comprises four other experienced and high-calibre individuals including one other executive Director and three independent non-executive Directors who would be able to offer advice from various perspectives. In addition, for major decisions of our Group, the Company will consult appropriate Board committees and senior management. Considering the present size and the scope of business of the Group, we consider that it is not in best interest of the Company and Shareholders as a whole to separate the roles of the chairman and the chief executive officer, because the separation of which would render the decision-making process of the Company less efficient than the current structure. Therefore, our Directors consider that the present arrangement is beneficial to and in the interest of our Company and our Shareholders as a whole and the deviation from Code A.2.1 of the Code is appropriate in such circumstance. Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code for each of the financial years. All of our Director have attended a training on 28 June 2017, 30 June 2017 or 27 July 2017 regarding the on-going obligations and duties of a director of a listed company and fully understand such obligations and duties and such training from time to time after Listing to keep our Directors familiar with any changes to the GEM Listing Rules, if any.

COMPLIANCE ADVISER

We have appointed VBG Capital Limited as our compliance adviser (the "**Compliance Adviser**") pursuant to Rule 6A.19 of the GEM Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the requirements under the GEM Listing Rules and applicable Hong Kong laws. Pursuant to Rule 6A.23 of the GEM Listing Rules, the Compliance Adviser will advise our Company, among others, in the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(c) where our Company proposes to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where our Group's business activities, developments or results of operation deviate from any forecast, estimate or other information in this prospectus; and

(d) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of the Shares or any other matters in accordance with Rule 17.11 of the GEM Listing Rules.

The term of the appointment of the Compliance Adviser will commence on the Listing Date and is expected to end on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date.

As of the Latest Practicable Date and to the best of the knowledge, information and belief of our Directors, having made all reasonable enquiries, save as disclosed in the section headed "Directors and Senior Management — Compliance with Corporate Governance" above, the Directors are not aware of any deviation from provisions in the Corporate Governance Code under Appendix 15 to the GEM Listing Rules.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

During the Track Record Period, the aggregate amounts of remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) paid by our Group to the Directors for the two years ended 31 March 2017 and the seven months ended 31 October 2017 were approximately HK$1.0 million, HK$836,000 and HK$476,000, respectively, while the aggregate amounts of remuneration to our five highest paid individuals (excluding Director) for the same period amounted to approximately HK$4.5 million, HK$3.1 million and HK$1.8 million, respectively. Under our arrangements currently in force, the aggregate remuneration (including salaries and other allowances and social benefits) of our Directors, excluding any discretionary bonuses, for the financial year ended 31 March 2018 are estimated to be approximately HK$786,000. Each of our executive Directors and independent non-executive Directors has entered into either a service contract or a letter of appointment with our Company. Details of the terms of the service contracts and letters of appointment are set out in the paragraph headed "C. Further information about our Directors and Shareholders — 2. Arrangement with our Directors — (b) Service contracts of our Directors" in Appendix IV to this prospectus.

No remuneration was paid by our Group to, or receivable by, our Directors or senior management or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office in connection with the management of the affairs of any subsidiary of our Group in respect of the two years ended 31 March 2017 and the seven months ended 31 October 2017. Further, none of our Directors or senior management had waived any remuneration during the same period. Save as disclosed in this section headed "Directors and Senior Management — Remuneration of Directors and Senior Management", no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors and the five highest paid individuals during the Track Record Period.

The following is a description of our authorised and issued share capital in issue and to be issued as fully paid or credited as fully paid immediately before and after the completion of the Capitalisation Issue and the Share Offer (taking no account of any Shares that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme).

		Nominal Value
		(HK$)
Authorised share capital		
100,000,000,000	Shares of HK$0.01 each	1,000,000,000
Issued share capital at the date of this prospectus:		
1	Shares of HK$0.01 each	0.01
Shares to be issued pursuant to the Capitalisation Issue:		
329,999,999	Shares of HK$0.01 each	3,299,999.99
Shares to be issued pursuant to the Share Offer:		
110,000,000	Shares of HK$0.01 each	1,100,000
Total issued share capital on completion of the Capitalisation Issue and the Share Offer:		
440,000,000	Shares of HK$0.01 each	4,400,000

ASSUMPTIONS

The above table assumes that the Share Offer becomes unconditional and the allotment and issue of Shares pursuant to the Share Offer and the Capitalisation Issue are made but does not take into account any Shares which may be issued or repurchased pursuant to the general mandate given to the Directors for issue and allotment of Shares referred to in Appendix IV to this prospectus or the repurchase mandate referred to in the same section of this prospectus, as the case may be.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the "minimum prescribed percentage" of 25% of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

RANKING

The Shares will rank equally with all Shares currently in issue and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Conditional on the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with the Shares (otherwise than pursuant to, or in consequence of, the Share Offer, a rights issue or the exercise of any options or any scrip dividend scheme or similar arrangements, any adjustment of rights to subscribe for Shares under options and warrants or a special authority granted by our Shareholders) with an aggregate nominal value of not more than the sum of:

- Shares representing 20% of the aggregate nominal value of our share capital in issue immediately following the completion of the Share Offer and the Capitalisation Issue; and

- the aggregate nominal value of our share capital repurchased by us (if any) under the general mandate to repurchase Shares referred to below.

This general mandate to issue Shares will remain in effect until:

- the conclusion of our next annual general meeting;

- the expiration of the period within which our next annual general meeting is required by any applicable law or the Articles of Association to be held; or

- it is varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

Particulars of this general mandate to allot, issue and deal with Shares are set forth under the section headed "A. Further Information about our Group — 3. Written resolutions of our Shareholders passed on 19 April 2018" in Appendix IV to this prospectus.

REPURCHASE MANDATE

Conditional on the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all our powers to repurchase Shares with a total nominal value of not more than 10% of the aggregate nominal value of our share capital in issue immediately following the completion of the Share Offer and Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the GEM Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "A. Further Information about our Group — 3. Written resolutions of our Shareholders passed on 19 April 2018" in Appendix IV to this prospectus.

The general mandate to repurchase Shares will remain in effect until the earliest of:

- the conclusion of our company's next annual general meeting;
- the expiration of the period within which our company's next annual general meeting is required by any applicable law or the Articles of Association to be held; or
- it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Particulars of this general mandate are set out under the section headed "A. Further Information about our Group — 3. Written resolutions of our Shareholders passed on 19 April 2018" in Appendix IV to this prospectus.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarised in the paragraph headed "D. Share Option Scheme" in Appendix IV to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Companies Law, an exempted company is not required by law to hold any general meetings or class meetings. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, we will hold general meetings as prescribed for under our Articles, a summary of which is set out in the section headed ''Summary of the Constitution of the Company and Cayman Islands Company Law'' in Appendix III to this prospectus.

So far as the Directors are aware, immediately following the completion of the Share Offer and the Capitalisation Issue (but without taking into account the Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme), the following persons/entities will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of our Group:

Interests in Shares of our Company

Name of shareholder	Name of company	Nature of interest	Number of Shares held immediately after completion of the Share Offer *(Note 1)*	Percentage of shareholding immediately after completion of the Share Offer
Glorytwin *(Note 2)*	Our Company	Beneficial owner	330,000,000 Shares (L)	75%
Colorful Bay *(Note 2 & 3)*	Our Company	Deemed interest, interest of controlled company	330,000,000 Shares (L)	75%
Mr. So *(Note 3)*				
Mr. So *(Note 3)*	Our Company	Interest of controlled company	330,000,000 Shares (L)	75%

Interests in shares of other members of our Group

Name of shareholder	Name of subsidiary	Nature of interest	Number of shares *(Note 1)*	Percentage of shareholding
Ms. Wong	Teamco Translation	Beneficial owner	225,000 shares (L)	15%

Notes:

1. The letter "L" denotes the person's long position in the shares of the relevant Group member.

2. Glorytwin is legally and beneficially owned as to 90% by Colorful Bay. Therefore by virtue of the SFO, Colorful Bay is deemed to have the interest owned by Glorytwin.

3. Colorful Bay is legally and beneficially owned as to 100% by Mr. So. Therefore by virtue of the SFO, Mr. So is deemed to have the interest owned by Colorful Bay.

For details our Directors' interests in Shares immediately following the completion of the Share Offer, please refer to the section entitled "C. Further information about our Directors and Substantial Shareholders" in Appendix IV to this prospectus.

Save as disclosed herein, our Directors and chief executive are not aware of any persons (who are not Directors or chief executive of our Company) who will, immediately following completion of the Share Offer and the Capitalisation Issue (but without taking into account the Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme), have an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to our Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or will be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of members of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

*You should read this section in conjunction with our Group's audited combined financial statements, including the notes thereto, included in the Accountants' Report set out in Appendix I to this prospectus. Our Group's audited combined financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"). You should read the entire Accountants' Report and not merely rely on the information contained in this section.*

The following discussion and analysis contains certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by our Group in light of our Group's experience and perception of historical trends, current conditions and expected future developments, as well as other factors our Group believes are appropriate under the circumstances. However, where actual outcomes and developments will meet our Group's expectations and projections depend on a number of risks and uncertainties over which our Group does not have control. For further information, you should refer to the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are an established printing service provider which principally provide commercial printing and financial printing services in Hong Kong. According to the F&S Report, we had a market share of approximately 0.5%, 0.8%, 4.5%, 2.9% and 1.6% in the overall printing service industry, book printing service industry, educational textbook printing services industry, commercial printing service industry and financial printing service industry in Hong Kong respectively for the year ended 31 March 2017, and ranked second among commercial printing service providers (excluding publication printing such as textbooks) in Hong Kong in terms of revenue for the year ended 31 March 2017. Commencing our business in April 1980, we have over 38 years of experience in the commercial printing industry in Hong Kong. Our customers for commercial printing services include reputable banks, insurance companies, corporate customers and their advertising agents and fund houses in Hong Kong. In 1995, leveraging our strength and reputation in the printing industry, we expanded our business into financial printing services to listed companies and listing applicants in Hong Kong.

Our printing business can be broadly divided into three categories as follows:

(i) **Commercial printing** — we print promotional and advertising documents, such as brochures and leaflets for our commercial customers such as banks, insurance companies, corporate customers and their advertising agents and fund houses in Hong Kong. Our commercial printing services range from designing covers, layout and artwork of the documents, typesetting, printing, binding, lettershopping and/or direct mailing. In addition to printing promotional and advertising documents, some customers may require us to print secured customised data such as compliance documents for banks and insurance companies to their account or policy holders, as well as cash coupons of retails stores with coupon numbers and barcodes for identification and anti-counterfeit purposes. We also print textbooks and related educational publication for a book publisher in Hong Kong, whose materials are used in pre-primary, primary and secondary schools in Hong Kong.

(ii) **Financial printing** — we print IPO prospectuses and application forms for listing applicant customers, financial reports (such as interim reports and annual reports) and other compliance documents (such as announcements and circulars) for listed company customers. Our financial printing services range from designing the cover, layout and artwork of the documents, typesetting, translation, uploading the documents to the Stock Exchange's website, printing, and/or distribution services for listing applicants in respect of listing on the Stock Exchange and companies listed on the Stock Exchange. We also recorded a small portion of revenue for financial printing works in respect of various annual reports of unlisted companies/non-listing applicants and public institutions.

(iii) **Others** — we also provide standalone ad hoc design and artwork and/or translation services to corporate customers (which are not related to listing matters) on a case by case basis.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands on 24 January 2017 as an exempted company with limited liability. Pursuant to the Reorganisation, our Company became the holding company of the entities now comprising our Group, details of which are set out in the sections headed "History, Reorganisation and Corporate Structure – Reorganisation" and "A. Further Information about our Group – 6. Corporate Reorganisation" in Appendix IV to this prospectus. Financial information of our Group has been prepared as if our Company had been the holding company of our Group throughout the Track Record Period in accordance with the principles of merger accounting as set out in the Hong Kong Accounting Guideline 5 "Merger accounting for common control combinations" issued by the HKICPA as set out in note 2 to the Accountants' Report in Appendix I to this prospectus.

FACTORS AFFECTING OUR GROUP'S RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our Directors believe that the following major factors may affect our Group's results of operations and financial condition:

Demand for our printing services

Demand for our printing services is affected by a variety of factors including, but not limited to, the macroeconomic conditions in Hong Kong and the consumption pattern of our customers. According to the F&S Report, the commercial printing services market (excluding publication printing such as textbooks) in Hong Kong is expected to grow at a CAGR of approximately 2.3% from the year ended 31 March 2016 to the year ending 31 March 2021, hitting a market size of approximately HK$1,820.7 million in the year ending 31 March 2021; the market size of financial printing services (excluding unlisted companies/non-listing applicants and public institutions) in Hong Kong is expected to grow at a CAGR of approximately 5.9% from the year ended 31 March 2017 to the year ending 31 March 2021, reaching HK$2,190.1 million in the year ending 31 March 2021. The markets are subject to various threats such as increasing operational costs, decrease in demand for printing work due to increasing environmental concerns, changes in preference/regulations for e-communications, lack of skilled labour, etc.. For details, please refer to the section headed "Industry Overview" in this prospectus. Our Directors believe that the economic conditions of Hong Kong and the customers' spending pattern on printing services will have a direct impact on our results of operations and the growth of our revenue in the future.

Customer relationships and factors affecting our customers

Save for some contracts with our major customers and various retainers with listed companies for financial printing services, our sales are entirely generated on an order-by-order basis and we generally do not enter into long-term contracts for over one year with our customers. There is no minimum purchase amount committed by our customers. The volume of products purchased by our customers may vary from year to year due to a number of factors, including factors affecting consumer demand of our customers' products such as general economic conditions and the perception of such conditions by consumers, employment rates, the level of consumer's disposable personal income and interest rates, etc..

We maintain close and stable relationships with our major customers. For our five largest customers during the Track Record Period, we have established business relationships with most of them for over 10 years. However, the future results of our operation may be impacted by changes in relationships with our major customers.

Supply of labour

Direct labour costs of our Group were approximately HK$26.2 million, HK$23.1 million and HK$12.6 million for the two years ended 31 March 2017 and the seven months ended 31 October 2017, respectively, representing approximately 35.3%, 37.4% and 38.1% of our cost of services for the two years ended 31 March 2017 and the seven months ended 31 October 2017.

Competition for skilled labour in printing industry in Hong Kong has been more intense in recent years. In addition, average labour cost in Hong Kong has been on an increasing trend. For details, please see the paragraph headed "Risk Factors — Risks Related to our Business — Our business operations may be adversely affected by difficulties in recruiting, motivating and retaining skilled labour, and the increasing labour costs" in this prospectus.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in the direct labour costs on our profit/loss before taxation during the Track Record Period. Fluctuations in the direct labour costs are assumed to be 5%, 10% and 15%.

	Impact on profit before taxation for the year ended 31 March		**Impact on profit/loss before taxation for the seven months ended 31 October**
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Increase/(decrease) in direct labour costs by:			
+5%/−5%	−/+1,309	−/+1,154	−/+632
+10%/−10%	−/+2,618	−/+2,308	−/+1,264
+15%/−15%	−/+3,926	−/+3,462	−/+1,896

Cost of raw materials

Cost of raw materials represents a significant portion of our costs of services. During the Track Record Period, cost of raw materials were approximately HK$15.6 million, HK$10.9 million and HK$7.3 million for the two years ended 31 March 2017 and the seven months ended 31 October 2017, representing approximately 21.0%, 17.6% and 21.9% of the cost of services of our Group for the two years ended 31 March 2017 and the seven months ended 31 October 2017. Our major raw materials include paper, and printing materials including printing plates, ink and chemicals, with paper being our principal raw materials. As such, any significant fluctuation in the price of our principal raw materials may have a significant impact on our cost of services and our profitability.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in the cost of raw materials on our profit/loss before taxation during the Track Record Period. Fluctuations in the cost of raw materials are assumed to be 5%, 10% and 15%.

	Impact on profit before taxation for the year ended 31 March		Impact on profit/loss before taxation for the seven months ended 31 October
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Increase/(decrease) in cost of raw materials by:			
+5%/–5%	–/+779	–/+543	–/+365
+10%/–10%	–/+1,558	–/+1,086	–/+730
+15%/–15%	–/+2,336	–/+1,629	–/+1,095

Exposure to the risks associated with the commercial rental market

Rental expenses (recorded as operating lease charges for premises) were approximately HK$11.1 million, HK$11.8 million and HK$6.8 million for the two years ended 31 March 2017 and the seven months ended 31 October 2017, respectively. As at the Latest Practicable Date, the properties occupied by us for our printing production factory and office for financial printing services were leased from our Controlling Shareholders and an Independent Third Party, respectively. The expiry date of the tenancy agreement for our printing factory and the office for financial printing services are 31 March 2020 (with an option for us to renew for another three years) and 31 May 2019, respectively. Accordingly, we are susceptible to the rental fluctuation from time to time at the time of renewal of the tenancies. In the event that there is any significant increase in the rental expenses for our existing leased properties, our operating expenses and pressure on our operating cash flows will increase, thereby materially and adversely affecting our business, results of operations, financial position and prospects.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in the rental expenses on profit/loss before taxation during the Track Record Period. Fluctuations in the rental expenses are assumed to be 5%, 10% and 15%.

	Impact on profit before taxation for the year ended 31 March		**Impact on profit/loss before taxation for the seven months ended 31 October**
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Increase/(decrease) in rental expenses by:			
+5%/–5%	–/+556	–/+588	–/+339
+10%/–10%	–/+1,112	–/+1,176	–/+678
+15%/–15%	–/+1,668	–/+1,764	–/+1,017

Economic conditions in Hong Kong

All of our revenue was generated in Hong Kong during the Track Record Period and we expect that Hong Kong will continue to be our principal market in the foreseeable future. Factors including the general macroeconomic conditions, the level of consumer spending, consumer sentiment and spending by business establishments on printed materials in Hong Kong will affect the demand for our printing services. Any market downturn or drop in consumer sentiment may also affect the demand for our printing services and further intensify competition in the printing industry, which in turn would impact on our results of operations. For more information relating to the printing industry in Hong Kong, please refer to the section headed "Industry Overview" in this prospectus.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The financial information of our Group was prepared in accordance with HKFRS, which requires our management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The methods and approaches that we use in determining these items is based on our experience, the nature of our business operations, the relevant rules and regulations and the relevant circumstances. These underlying assumptions and estimates are reviewed regularly as they may have a significant impact on our operational results as reported in our combined financial statements included in Appendix I to this prospectus. The significant policies and estimates are set out in details in note 3 to the Accountants' Report set forth in Appendix I to this prospectus.

SUMMARY RESULTS OF OPERATIONS

The following is a summary of the audited combined statements of comprehensive income of our Group for the two years ended 31 March 2017 and the seven months ended 31 October 2016 and 2017 as extracted from the Accountants' Report as set out in Appendix I to this prospectus.

	Year ended 31 March		Seven months ended 31 October	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Revenue	98,360	83,538	52,417	48,760
Cost of services	(74,179)	(61,735)	(39,244)	(33,296)
Gross profit	24,181	21,803	13,173	15,464
Other income	3,457	2,414	2,105	145
Selling expenses	(4,458)	(2,408)	(1,535)	(1,297)
Administrative and other operating expenses	(21,495)	(18,899)	(11,377)	(10,818)
Finance costs	(577)	(432)	(262)	(182)
Listing expenses	—	(499)	—	(7,997)
Profit (loss) before taxation	1,108	1,979	2,104	(4,685)
Income tax credit (expenses)	674	18	(67)	(517)
Profit (loss) and total comprehensive income (loss) for the year/period	1,782	1,997	2,037	(5,202)
Profit (loss) and total comprehensive income (loss) for the year/period attributable to:				
Owners of the Company	1,816	1,900	1,921	(5,352)
Non-controlling interests	(34)	97	116	150
	1,782	1,997	2,037	(5,202)

DESCRIPTION AND ANALYSIS OF PRINCIPAL ITEMS IN THE COMBINED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

We generate revenue from the provision of printing services in Hong Kong during the Track Record Period. Commercial printing refers to printing services for our customers' needs of commercial paper printing product, ranging from designing the cover, layout and artwork of the documents, typesetting, printing, binding, lettershopping and/or direct mailing of the printed documents. Financial printing series ranges from designing the cover, layout and artwork of the document, typesetting, translation, uploading, printing, and/or distribution services for listing applicants in respect of listing on the Stock Exchange and listed companies on the Stock Exchange pursuant to the relevant Listing Rules or GEM Listing Rules requirements. Others primarily comprise of standalone ad hoc design and/or translation work ordered by corporate customers (which is not related to listing matters) on a case-by-case basis. The following table sets forth a breakdown of our revenue by service category and their respective percentage of our total revenue for the periods indicated.

	Year ended 31 March				Seven months ended 31 October			
	2016		2017		2016		2017	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* *(unaudited)*	*%*	*HK$'000*	*%*
Commercial Printing								
— Direct mailing materials	38,589	39.2	17,876	21.4	12,746	24.3	8,587	17.6
— Promotional and marketing materials	26,717	27.2	29,455	35.3	14,898	28.4	16,222	33.3
— Textbooks and related publication materials	6,855	7.0	8,728	10.4	6,955	13.3	6,523	13.4
Subtotal	72,161	73.4	56,059	67.1	34,599	66.0	31,332	64.3
Financial Printing								
— IPO prospectuses and application forms	222	0.2	4,644	5.6	1,346	2.6	2,972	6.1
— Financial reporting documents	10,755	10.9	10,467	12.5	8,159	15.6	8,063	16.5
— Compliance documents	13,466	13.7	10,124	12.1	7,409	14.1	5,088	10.4
— Works for unlisted companies/non-listing applicants/public institutions	467	0.5	370	0.5	317	0.6	243	0.5
Subtotal	24,910	25.3	25,605	30.7	17,231	32.9	16,366	33.5
Others	1,289	1.3	1,874	2.2	587	1.1	1,062	2.2
Total	98,360	100.0	83,538	100.0	52,417	100.0	48,760	100.0

Our revenue decreased by approximately 15.1%, from approximately HK$98.4 million for the year ended 31 March 2016 to approximately HK$83.5 million for the year ended 31 March 2017, mainly because of the decrease in orders from Customer A, one of the largest customer of our Group, for printing of direct mailing materials. Our revenue decreased by approximately 6.9% from approximately HK$52.4 million for the seven months ended 31 October 2016 to approximately HK$48.8 million for the seven months ended 31 October 2017. As illustrated above, financial printing has accounted for an increasingly larger portion of our revenue for the year ended 31 March 2017 and for the seven months ended 31 October 2017, accounting for approximately 25.3% and 30.7% of our revenue for the two years ended 31 March 2017 and approximately 32.9% and 33.5% of our revenue for the seven months ended 31 October 2016 and 2017, respectively. The decrease of revenue for the year ended 31 March 2017 as compared to the year ended 31 March 2016 was mainly due to the decrease in revenue generated from commercial printing by approximately HK$16.1 million. The reduction of revenue for the seven months ended 31 October 2017 as compared to the same period last year was mainly due to the decrease in commercial printing services of approximately HK$3.3 million and financial printing services of approximately HK$0.8 million, which were partly offset by the increase in other services of approximately HK$0.5 million.

Commercial printing

For commercial printing services, the revenue decreased by approximately 22.3%, from approximately HK$72.2 million for the year ended 31 March 2016 to approximately HK$56.1 million for the year ended 31 March 2017 and decreased by approximately 9.5%, from approximately HK$34.6 million for the seven months ended 31 October 2016 to approximately HK$31.3 million for the seven months ended 31 October 2017. The decrease in revenue for the year ended 31 March 2017 was mainly because of the decrease in orders from Customer A, one of the largest customers of our Group, for printing of direct mailing materials due to more prevalent use of electronic communications. Our revenue from the provision of commercial printing services also decreased for the seven months ended 31 October 2017 as compared to the same period last year. The revenue generated from the orders from Customer A decreased from approximately HK$32.3 million for the year ended 31 March 2016 to approximately HK$10.7 million for the year ended 31 March 2017, representing a decrease of approximately 66.9%, and revenue from Customer A decreased from approximately HK$10.5 million for the eleven months ended 28 February 2017 to approximately HK$5.3 million for the eleven months ended 28 February 2018, representing a decrease of approximately 49.5%. Such decrease was partly offset by the increase in printing revenue from promotional and marketing materials and textbooks and related publication materials, primarily because of the increase of number of customers and increased orders from the book publisher based on our marketing efforts to diversify our sales orders from banks and insurance companies and fund houses, which are our long-time major customer bases. In particular, based on the unaudited management accounts for the eleven months ended 28 February 2018, the increase in revenue generated from the orders from four of the top ten customers in aggregate for the eleven months ended 28 February 2018 was able to offset approximately HK$4.2 million or 80.7% of the decrease in revenue generated from Customer A for the eleven months ended 28 February 2018 as compared to the corresponding period ended 28 February 2017. All of these four customers had at least 10 years of business relationship with our Group as at the Latest Practicable Date, thus, going forward, they are all expected to continue to place orders to our Group. In view of the potential five new IPO projects expected to be sourced by the three new sales personnel during the year ending 31 March 2019, whom are expected to have experiences in financial printing industry and be responsible mainly in sourcing clients for financial printing services, we also expect to have new and material customers from financial printing services (mainly IPO projects), thus we expect an increase in revenue from financial printing. For our commercial printing services, we had not entered into any agreement or contract with new and material customer as at the Latest Practicable Date. Nevertheless, based on the organic growth of revenue generated from Customer B for commercial printing (mainly for textbook and publication) during the Track Record Period, and in view of the expected increase in capacity for sourcing customers for commercial printing due to the expansion of our sales team (details of which are disclosed in the paragraph headed "Continue organic growth by solidifying existing customer relationship and developing new relationship" in the section headed "Business"), we also expect an increase in sales from commercial printing services, in particular for textbook and publication, shall our expansion plan is materialised.

Financial printing

For financial printing services, the revenue increased slightly by approximately 2.8%, from approximately HK$24.9 million for the year ended 31 March 2016 to approximately HK$25.6 million for the year ended 31 March 2017. The revenue from financial printing services decreased slightly by approximately 4.7%, from approximately HK$17.2 million for the seven months ended 31 October 2016 to approximately HK$16.4 million for the seven months ended 31 October 2017. Printing of IPO prospectuses and application forms increased from approximately HK$0.2 million to approximately HK$4.6 million because of completion of one IPO project and increase in the number of IPO projects. Revenue from printing of financial reporting documents slightly decreased by 2.8%, from approximately HK$10.8 million for the year ended 31 March 2016 to approximately HK$10.5 million for the year ended 31 March 2017. Revenue from printing of compliance documents decreased by approximately 25.2% from approximately HK$13.5 million for the year ended 31 March 2016 to approximately HK$10.1 million for the year ended 31 March 2017, mainly because of the decrease of the number of customers and the decrease of number of corporate transactions of our customers. Revenue from the works for unlisted companies/non-listing applicants/public institutions was approximately HK$0.5 million and HK$0.4 million for the two years ended 31 March 2017, representing a small portion of our revenue.

Revenue from printing of IPO prospectuses and application forms increased from approximately HK$1.3 million for the seven months ended 31 October 2016 to approximately HK$3.0 million for the seven months ended 31 October 2017 because of the completion of one IPO project and the increase in the number of on-going IPO projects. Revenue from printing of financial reporting documents decreased slightly from approximately HK$8.2 million for the seven months ended 31 October 2016 to approximately HK$8.1 million for the seven months ended 31 October 2017. The decrease in the number of customers for printing financial reporting documents was offset by the increase in price. Revenue from printing of compliance documents decreased by approximately 31.1% from approximately HK$7.4 million for the year ended 31 October 2016 to approximately HK$5.1 million for the year ended 31 October 2017, mainly because of the decrease in the number of corporate transactions of our customers. Revenue from the works for unlisted companies/non-listing applicants/public institutions was approximately HK$0.3 million and HK$0.2 million for the seven months ended 31 October 2016 and 2017, respectively, representing a small portion of our revenue.

Other revenue

Revenue from other services increased by approximately 46.2% from approximately HK$1.3 million for the year ended 31 March 2016 to approximately HK$1.9 million for the year ended 31 March 2017. Revenue from other services increased by approximately 83.3% from approximately HK$0.6 million for the seven months ended 31 October 2016 to approximately HK$1.1 million for the seven months ended 31 October 2017. The increase was primarily due to increase in volume of ad hoc translation works placed by our customers.

Number of Customers

The following table sets forth a breakdown of the number of customers of each service category for the periods indicated.

	Year ended 31 March		Seven months ended 31 October	
	2016	**2017**	**2016**	**2017**
Commercial Printing				
— Direct mailing materials	22	26	20	19
— Promotional and marketing materials	143	159	105	101
— Textbooks and related publication materials	1	1	1	1
Financial Printing				
— IPO prospectuses and application forms	1	3	1	3
— Financial reporting documents	64	59	54	50
— Compliance documents	82	71	60	61
— Works for unlisted companies/non-listing applicants/public institutions	4	4	3	3
Others	35	27	20	29

Note: For customers who placed orders in more than one of the service categories, they were counted as a customer for each of such services categories.

The following table sets forth the number of financial printing projects of each service category for the periods indicated.

	For the year ended 31 March		For the seven months ended 31 October	
	2016	**2017**	**2016**	**2017**
IPO prospectuses and application forms *(Note 1)*	1	4	1	3
Financial reporting documents *(Note 2)*	138	126	96	96
Compliance documents *(Note 2)*	1,537	1,198	825	744
Works for unlisted companies/ non-listing applicants/public institutions *(Note 2)*	6	7	6	5
Total	1,682	1,335	928	848

Note 1: the number of projects is calculated based on the number of engagement letters signed for IPO project, and one of the customers for IPO prospectuses and application forms engaged us for two IPO projects during the year ended 31 March 2017.

Note 2: the number of projects is calculated based on the job numbers we recorded. As our usual practice, we assign a separate job number for each report, announcement, circular and other document to be despatched or published, therefore, one transaction may involve more than one job number, depending on the number of documents published or despatched.

Cost of services

Our cost of services mainly comprise direct labour cost, cost of raw materials, production overheads, depreciation, factory rent and electricity and water. Direct labour cost mainly comprise wages and pension costs for production labour. Cost of raw materials mainly included costs relating to purchases of paper, and printing materials including printing plates, ink and chemicals. Production overheads mainly comprised subcontracting fee, transportation costs, repair and maintenance and other miscellaneous production costs. Depreciation represented depreciation charged on our property, plant and equipment which were used for production. Factory rent represented rental charges for the printing production factory in Shaukeiwan, Hong Kong. Electricity and water represented utility expenses for our printing production factory.

The following table sets forth a breakdown of our cost of services by nature for the periods indicated:

	Year ended 31 March				Seven months ended 31 October			
	2016		2017		2016		2017	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* *(unaudited)*	*%*	*HK$'000*	*%*
Direct labour cost	26,175	35.3	23,078	37.4	13,572	34.6	12,643	38.1
Cost of raw materials	15,576	21.0	10,860	17.6	7,640	19.5	7,302	21.9
Production overheads	11,687	15.8	9,483	15.3	6,697	17.1	3,638	10.9
Depreciation	10,902	14.7	9,206	14.9	5,694	14.5	4,666	14.0
Factory rent	6,600	8.9	6,600	10.7	3,850	9.8	3,700	11.1
Electricity and water	3,239	4.3	2,508	4.1	1,791	4.5	1,347	4.0
Total	74,179	100.0	61,735	100.0	39,244	100.0	33,296	100.0

For the two years ended 31 March 2017, our direct labour cost decreased by approximately 11.8% from approximately HK$26.2 million to approximately HK$23.1 million mainly because of the reduction in the number of staff for production more or less in line with decrease in revenue. Cost of raw materials decreased by approximately 30.1% from approximately HK$15.6 million for the year ended 31 March 2016 to approximately HK$10.9 million for the year ended 31 March 2017, which is in line with the decrease in revenue, coupled with the further reduction in the use of papers purchased by our Group mainly arising from the increase in the proportion of revenue from textbooks and related publication materials among the revenue from commercial printing services. The customer for printing of textbooks and related publication materials directly provided the paper for production to us, hence no paper costs were incurred for such printing services. Production overheads and electricity and water decreased by approximately 18.8% and approximately 21.9% from approximately HK$11.7 million and approximately HK$3.2 million respectively for the year ended 31 March 2016 to approximately HK$9.5 million and HK$2.5 million respectively for the year ended 31 March 2017, which were more or less in line with the decrease in revenue. Depreciation decreased by approximately 15.6% from approximately HK$10.9 million for the year ended 31 March 2016 to approximately HK$9.2 million for the year ended 31 March 2017, which was mainly due to disposal of two colour press printing machines and some machineries being fully depreciated for the year ended 31 March 2017. Factory rent was stable and remains at approximately HK$6.6 million for the two years ended 31 March 2017.

For the seven months ended 31 October 2016 and 2017, our direct labour cost decreased slightly by approximately 7.4% from approximately HK$13.6 million to approximately HK$12.6 million, because of the reduction of the number of the production staff. Cost of raw materials decreased by approximately 3.9% from approximately HK$7.6 million for the seven months ended 31 October 2016 to approximately HK$7.3 million for the seven months ended 31 October 2017. The decrease in cost of raw materials was due to the decrease in cost of printing material, which was partially set off by the increase in the cost of paper during the seven months ended 31 October 2017. Production overheads decreased by approximately 46.3% from approximately HK$6.7 million for the seven months ended 31 October 2016 to approximately HK$3.6 million for the seven months ended 31 October 2017 because of the reduction in the subcontracting works due to the decrease in subcontracting low-end and labour intensive work. Electricity and water expenses decreased by approximately 27.8% from approximately HK$1.8 million for the seven months ended 31 October 2016 to approximately HK$1.3 million for the seven months ended 31 October 2017, which was due to the decrease in revenue and saving of electricity arising from the disposal of two colour press printing machines during the seven months ended 31 October 2016. Depreciation decreased by approximately 17.5% from approximately HK$5.7 million for the seven months ended 31 October 2016 to approximately HK$4.7 million for the seven months ended 31 October 2017, which was mainly due to disposal of two colour press printing machines during the seven months ended 31 October 2016 and some machineries being fully depreciated for the seven months ended 31 October 2017. Factory rent was stable and remained at approximately HK$3.9 million and HK$3.7 million for the seven months ended 31 October 2016 and 2017, respectively.

For the two years ended 31 March 2017 and the seven months ended 31 October 2016 and 2017, the total direct labour cost and cost of raw materials contributed to approximately 56.3%, 55.0%, 54.1% and 60.0% of our total cost of services. Our Group is required to expend the labour hour and consume raw materials in a timely basis. As at 31 March 2016 and 2017 and 31 October 2017, our Group did not have significant amount of uninstalled raw materials. Therefore, the financial impact of the uninstalled materials in the application of HKFRS 15 "Revenue from Contracts with Customers" is considered to be insignificant.

Gross profit and gross profit margin

The following table sets forth a breakdown of gross profit and gross profit margin for the periods indicated:

	Year ended 31 March		Seven months ended 31 October	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Revenue	98,360	83,538	52,417	48,760
Cost of services	(74,179)	(61,735)	(39,244)	(33,296)
Gross profit	24,181	21,803	13,173	15,464
Gross profit margin	24.6%	26.1%	25.1%	31.7%

For the two years ended 31 March 2017, our gross profit decreased by approximately 9.9%, from approximately HK$24.2 million for the year ended 31 March 2016 to approximately HK$21.8 million for the year ended 31 March 2017, primarily because of the decrease in revenue. Our gross profit margin increased slightly from approximately 24.6% for the year ended 31 March 2016 to approximately 26.1% for the year ended 31 March 2017, primarily as a result of the decrease in the cost of raw materials, mainly attributable to (i) the reduction in the use of papers, partly arising from the increase in revenue from textbooks and related publication materials, whose customer directly provided the paper for production hence no paper costs were incurred for such printing services; and (ii) the decrease in depreciation charge by approximately HK$1.7 million as discussed above.

For the seven months ended 31 October 2016 and 2017, our gross profit increased by approximately 17.4%, from approximately HK$13.2 million for the seven months ended 31 October 2016 to approximately HK$15.5 million for the seven months ended 31 October 2017, primarily because the decrease in overall cost of services outweighed the decrease in sales. Our gross profit margin increased from approximately 25.1% for the seven months ended 31 October 2016 to approximately 31.7% for the seven months ended 31 October 2017, mainly attributable to (i) the reduction in the production overheads by approximately HK$3.1 million, partly arising from the reduction in the subcontracting works due to the decrease in subcontracting low-end and labour intensive work; (ii) the decrease in depreciation charge by approximately HK$1.0 million; (iii) the reduction of direct labour cost by approximately HK$1.0 million arising from the reduction of the number of production staff; and (iv) the reduction of cost of raw materials by approximately HK$0.3 million since the decrease in cost of raw materials was due to the decrease in cost of printing material, which was partially set off by the increase in the cost of paper.

The above decrease in cost was offset by the decrease of sales of approximately HK$3.6 million. Our Directors determined that we have only one operating and reportable segment, as we managed our business as a whole as the provision of integrated printing services in Hong Kong. In addition, the management and business decisions were made on such basis for our operation. Our resources, in particular our printing factory, were shared among various business functions, thus it would be impracticable for us to assess and calculate the gross profit for our different business areas, as our businesses were managed on a shared and consolidated basis. However, our Directors have, on a "best effort" basis and primarily based on revenue contributions from various business operations, arbitrarily allocated various costs included in cost of services to different business areas, in order to arrive at a rough calculation of gross profit by services/product categories. The following table sets out the gross profit margin by service categories during the Track Record Period:

	For the year ended 31 March		**For the seven months ended 31 October**	
	2016 (%)	**2017 (%)**	**2016 (%)**	**2017 (%)**
Commercial printing	20.4	19.8	20.8	27.1
Financial printing	34.5	36.8	32.3	38.2
Others (Note)	65.9	66.8	71.8	69.2
Gross profit margin of our Group	24.6	26.1	25.1	31.7

Note: Others include provide standalone ad hoc design and artwork, and/or translation services to corporate customers (which are not related to listing matters) on a case by case basis. They had higher gross profits margins because of their ad hoc natures, which enabled us to charge higher prices. Items under 'Others' category had no significant effect to the overall gross profit margin of our Group.

The gross profit margin for the commercial printing service category were lower than the financial printing service category during the Track Record Period, primarily due to the financial printing service category, especially for IPO projects, generally had higher gross profit margin. In particular, the overall cost of services allocated to financial printing, which mainly consisted of typesetting and translation, is lower than the cost of services allocated to commercial printing, which mainly consisted of printing, a major item under cost of services.

For the year ended 31 March 2017 as compared to the year ended 31 March 2016, the gross profit margin for the commercial printing service category slightly decreased from approximately 20.4% to 19.8%, which was primarily due to the fact that the rate of decrease in revenue of commercial printing of approximately 22.3%, which was mainly due to the reduction of direct mailing, was slightly higher than the rate of decrease in cost of services of approximately 21.7%. The decrease in cost of services mainly arose from (i) the decrease in the cost of raw materials, mainly attributable to the reduction in the use of papers, partly arising from the increase in revenue from textbooks and related publication materials, whose customer directly provided the paper for production hence no paper costs were incurred for such printing services; and (ii) the decrease in depreciation charge. The cost of services in the financial printing service category decreased by approximately 0.9%. Combined with increase in revenue generated from financial printing by 2.8%, in particular IPO projects (i.e. from approximately HK$0.2 million to HK$4.6 million during the same periods), which gross profit margin was relatively higher, the gross profit margin for the financial printing service category instead increased from approximately 34.5% to 36.8%.

For the seven months ended 31 October 2017 as compared to the corresponding period in 2016, the gross profit margin for the commercial printing service category increased from approximately 20.8% to 27.1%, which was primarily caused by (i) the reduction in the production overheads, partly arising from the reduction in the subcontracting works due to the decrease in subcontracting low-end and labour intensive work; (ii) the decrease in depreciation charge; (iii) the reduction of direct labour cost arising from the reduction of the number of production staff; and (iv) the reduction of cost of raw materials due to the decrease in cost of printing material was partially set off by the increase in the cost of paper, and the gross profit margin for the financial printing service category increased from approximately 32.3% to 38.2% during the same period, mainly caused by the increase of revenue from IPO projects (i.e. from approximately HK$1.3 million to HK$3.0 million during the same periods).

Other income

Other income primarily includes net gain on disposal of property, plant and equipment, reversal of impairment loss on related companies/a former related company, sundry income, interest income and exchange gain. The table below sets forth the breakdown of our other income during the Track Record Period.

	Year ended 31 March				Seven months ended 31 October			
	2016		2017		2016		2017	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Gain on disposal of property, plant and equipment, net	—	—	1,121	46.4	1,181	56.1	—	—
Reversal of impairment loss on amounts due from related companies/a former related company	2,650	76.7	808	33.5	808	38.4	—	—
Sundry income	442	12.8	475	19.7	107	5.1	119	82.1
Interest income	365	10.5	10	0.4	9	0.4	—	—
Exchange gain, net	—	—	—	—	—	—	26	17.9
	3,457	100.0	2,414	100.0	2,105	100.0	145	100.0

Our other income decreased by approximately 31.4%, from approximately HK$3.5 million for the year ended 31 March 2016 to approximately HK$2.4 million for the year ended 31 March 2017. It decreased by approximately 95.2% from approximately HK$2.1 million for the seven months ended 31 October 2016 to approximately HK$0.1 million for the seven months ended 31 October 2017.

For the year ended 31 March 2017 and the seven months ended 31 October 2016, we recorded a net gain as a result of disposal of two colour press printing machines of approximately HK$1.1 million and HK$1.2 million, respectively.

Reversal of impairment loss amounted to approximately HK$2.7 million and approximately HK$0.8 million for the two years ended 31 March 2017 respectively, and approximately HK$0.8 million and nil for the seven months ended 31 October 2016 and 2017, respectively. It represented amounts which we received from related companies/a former related company, after such amounts have been written-off.

Sundry income primarily includes compensation from employees terminating their employment contract in advance, and refunds of ORSO contribution to our Group when the employee left our Group prior to the specified period of employment, and it remained stable during the two years ended 31 March 2017.

Interest income represents interest from bank deposits and interest for a loan of HK$10 million to Mr. So, which decreased by approximately 97.3% from approximately HK$365,000 for the year ended 31 March 2016 to approximately HK$10,000 for the year ended 31 March 2017 following repayment of the loan by Mr. So in March 2016.

Selling expenses

Our selling expenses refer to expenses incurred on a regular basis for the selling and marketing activities of our Group, and mainly comprises staff costs and benefits and marketing and promotion expenses. The table below sets forth the breakdown of our Group's selling expenses during the Track Record Period.

	Year ended 31 March				Seven months ended 31 October			
	2016		2017		2016		2017	
	HK$'000	%	*HK$'000*	%	*HK$'000* (unaudited)	%	*HK$'000*	%
Staff costs and benefits	4,098	91.9	2,408	100.0	1,535	100.0	1,297	100.0
Marketing and promotion expenses	360	8.1	–	–	–	–	–	–
Total	4,458	100.0	2,408	100.0	1,535	100.0	1,297	100.0

Selling expenses decreased by approximately 46.7%, from approximately HK$4.5 million for the year ended 31 March 2016 to HK$2.4 million for the year ended 31 March 2017, which was mainly attributable to the decrease in sales commission from HK$1.5 million to HK$0.1 million as a result of the resignation of a sales personnel who was entitled to a significant portion of commission during the year ended 31 March 2017, representing a decrease of approximately HK$1.4 million and 93.3%.

Selling expenses decreased by approximately 13.3%, from approximately HK$1.5 million for the seven months ended 31 October 2016 to approximately HK$1.3 million for the seven months ended 31 October 2017, which was attributable to the decrease in sales commission as a result of (i) the decrease in revenue for the seven months ended 31 October 2017 and (ii) the resignation of a sales personnel who was entitled to approximately HK$0.1 million during the seven months ended 31 October 2016.

Administrative and other operating expenses

Our administrative and operating expenses primarily comprise staff costs and benefits for our administrative staff, rental and rates for our office for financial printing services, depreciation, office expenses such as electricity and water and building management fees, directors' remuneration, repair and maintenance of our office premises, IT maintenance for our office premises and others. Others primarily include auxiliary expenses such as travelling, legal and professional fees and bank charges, etc..

The table below sets forth the breakdown of our Group's administrative and other operating expenses during the Track Record Period.

	Year ended 31 March				Seven months ended 31 October			
	2016		2017		2016		2017	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* *(unaudited)*	*%*	*HK$'000*	*%*
Staff costs and benefits	8,466	39.4	6,412	33.9	4,145	36.4	3,785	35.0
Rent and rates	4,518	21.0	5,157	27.3	2,993	26.3	3,082	28.5
Depreciation	2,379	11.1	2,339	12.4	1,386	12.2	1,076	9.9
Office expenses	1,944	9.0	1,971	10.4	1,105	9.7	1,065	9.8
Repair and maintenance	724	3.4	872	4.6	514	4.5	449	4.2
Directors' remuneration	1,016	4.7	836	4.4	476	4.2	476	4.4
IT maintenance	516	2.4	516	2.7	301	2.7	301	2.8
Others	1,932	9.0	796	4.3	457	4.0	584	5.4
Total	21,495	100.0	18,899	100.0	11,377	100.0	10,818	100.0

Administrative expenses and other operating expenses decreased by approximately 12.1%, from approximately HK$21.5 million for the year ended 31 March 2016 to approximately HK$18.9 million for the year ended 31 March 2017, which were mainly attributable to the decrease in staff costs and benefits of approximately HK$2.1 million because of (i) the reduction of bonus to staff which was in line with decrease in revenue and (ii) the reduction of staff welfare and other expenses, amounted to appropriately HK$1.1 million from approximately HK$1.4 million for the year ended 31 March 2016 to approximately HK$0.3 million for the year ended 31 March 2017, as a result of our cost control efforts. Such decrease was partially offset by the increase in rent and rates as a result of the increase in rental expenses by approximately 15.6%, from approximately HK$4.5 million to approximately HK$5.2 million due to the renewal of the tenancy agreement of the financial printing office effective from June 2016.

Administrative expenses and other operating expenses decreased by approximately 5.3%, from approximately HK$11.4 million for the seven months ended 31 October 2016 to approximately HK$10.8 million for the seven months ended 31 October 2017, which were mainly attributable to (i) the decrease in staff costs and benefits of approximately HK$0.4 million and (ii) the reduction of depreciation of approximately HK$0.3 million due to some property, plant and equipment being fully depreciated during the seven months ended 31 October 2017.

Finance costs

Our finance costs mainly represent interest on bank borrowings and finance charges on obligations under finance leases. Our finance costs decreased by approximately 33.3% from approximately HK$0.6 million for the year ended 31 March 2016 to approximately HK$0.4 million for the year ended 31 March 2017 and by approximately 33.3% from approximately HK$0.3 million for the seven months ended 31 October 2016 to approximately HK$0.2 million for the seven months ended 31 October 2017, primarily due to the decrease in bank borrowing interest arising from repayment of bank borrowings.

Listing expenses

Our listing expenses amounted to nil and approximately HK$499,000 for the two years ended 31 March 2017 and amounted to nil and approximately HK$8.0 million for the seven months ended 31 October 2016 and 2017, respectively.

Income tax expenses

Our Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

No provision has been made for income tax in the BVI as our Group did not earn income subject to tax in the BVI during the Track Record Period.

Hong Kong profits tax has been provided at the rate of 16.5% on our Group's estimated assessable profits arising from Hong Kong during the Track Record Period.

For the two years ended 31 March 2017, we recorded tax credit of approximately HK$674,000 and HK$18,000, respectively, which was mainly attributable to the (i) tax exempt revenue primarily related to reversal of impairment of amount due from related parties/a former related company and (ii) the utilisation of previously unrecognised tax losses which were solely arising from one of the operating subsidiaries, namely Elegance Document Solutions, which incurred losses for tax purpose in the past years.

As at 31 March 2016, the deferred tax assets arising from unrecognised tax losses of approximately HK$265,000 were not recognised due to the insignificance to the combined financial statements. The unrecognised tax losses were fully utilised during the year ended 31 March 2017.

For the seven months ended 31 October 2016 and 2017, we recorded tax expenses of approximately HK$67,000 and HK$517,000 respectively. The increase was mainly attributable to (i) the increase in assessable profits as a result of adding back non-deductible expenses primarily related to the listing expenses incurred during the seven months ended 31 October 2017; (ii) there was no tax exempt revenue primarily related to reversal of impairment of amount due from related parties/a former related company during the seven months ended 31 October 2017; and (iii) the utilisation of previously unrecognised tax losses during the seven months ended 31 October 2016 solely arising from one of the operating subsidiaries, which incurred losses for tax purpose in the past years.

Profit and total comprehensive income for the year/period

Our profit and total comprehensive income increased by approximately 11.1%, from approximately HK$1.8 million for the year ended 31 March 2016 to approximately HK$2.0 million for the year ended 31 March 2017. Our net profit margin (defined as dividing the profit and total comprehensive income for the year by revenue) also increased from approximately 1.8% to 2.4% during the same period. The increases in our net profit and net profit margin primarily reflected our efforts in cost control resulting in a decrease in administrative and other operating expenses of approximately HK$2.2 million, from approximately HK$2.8 million for the year ended 31 March 2016 to approximately HK$0.6 million for the year ended 31 March 2017, which boosted the net profit margin, coupled with the increase in gross profit margin.

We recorded a loss and total comprehensive loss of approximately HK$5.2 million for the seven months ended 31 October 2017. If the listing expenses of approximately HK$8.0 million incurred during the seven months ended 31 October 2017 were excluded, we would have recorded profit and total comprehensive income of approximately HK$2.8 million for the seven months ended 31 October 2017.

Excluding listing expenses, our net profit margin (defined as dividing the profit and total comprehensive income for the period by revenue) would also have increased from approximately 3.8% for the seven months ended 31 October 2016 to 5.7% for the seven months ended 31 October 2017. The increases in our net profit and net profit margin primarily reflected our efforts in cost control resulting in a decrease in administrative and other operating expenses, coupled with the increase in gross profit margin, which boosted the net profit margin.

If the other income resulted from reversal of impairment loss on amounts due from related companies/ a former related company of approximately HK$2.7 million and gain on disposal of property, plant and equipment of approximately HK$1.1 million for the two years ended 31 March 2017 respectively were excluded, the net profits of our Company would have changed from approximately HK$1.8 million and approximately HK$2.0 million for the two years ended 31 March 2017 respectively to loss of approximately HK$0.9 million and profit of approximately HK$0.9 million for the two years ended 31 March 2017, respectively.

The profit and total comprehensive income for the year/period attributable to owners of the Company (excluding listing expense) also rebounded from approximately HK$1.8 million for the year ended 31 March 2016 to HK$2.4 million for the year ended 31 March 2017, and to approximately HK$2.6 Million for the seven months ended 31 October 2017.

LIQUIDITY AND CAPITAL RESOURCES

Our Group primarily finances our liquidity and capital requirements through a combination of funds generated from operating activities, and financing activities through interest bearing borrowings and obligations under finance leases. Going forward, we expect to fund our working capital, capital expenditures and other capital requirements with a combination of sources, including but not limited to cash generated from our operations, borrowings and the net proceeds from the Share Offer.

The following table sets out a condensed summary of our combined statements of cash flows for the Track Record Period. Such summary of the combined statements of cash flows is extracted from the Accountants' Report in Appendix I to this prospectus and should be read in conjunction with the entire financial information included therein, including the notes thereto:

	Year ended 31 March		**Seven months ended 31 October**	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Net cash flows from operating activities	16,326	10,910	6,276	6,623
Net cash flows from (used in) investing activities	4,728	4,746	4,358	(71)
Net cash flows used in financing activities	(11,782)	(34,548)	(14,751)	(14,005)
Net increase/(decrease) in cash and cash equivalents	9,272	(18,892)	(4,117)	(7,453)
Cash and cash equivalents at the beginning of the year/ period	42,014	51,286	51,286	32,394
Cash and cash equivalents at the end of the year/period	51,286	32,394	47,169	24,941

Net cash flows from operating activities

We derive our net cash flows from operating activities primarily through the receipt of revenue generated from commercial printing and financial printing services. Our cash flows used in operating activities is used primarily for purchase of raw materials, payment of staff costs and benefits and payment of production overheads such as rent and rates, transportation cost and sub-contracting fees, etc..

Our net cash flows from operating activities of approximately HK$16.3 million for the year ended 31 March 2016 mainly arose from profit before taxation of approximately HK$1.1 million, adjusted for (i) depreciation of approximately HK$13.3 million; (ii) the decrease in inventories of approximately HK$1.1 million; and (iii) the decrease in trade and other receivables of approximately HK$2.7 million, which were partially offset by reversal of impairment loss on amounts due from related companies of approximately HK$2.7 million.

Our net cash flows from operating activities of approximately HK$10.9 million for the year ended 31 March 2017 mainly arose from profit before taxation of approximately HK$2.0 million, adjusted for (i) depreciation of approximately HK$11.5 million and (ii) decrease in trade and other receivables of approximately HK$1.9 million which were partially offset by (i) gain on disposal of property, plant and equipment of approximately HK$1.1 million (ii) decrease in trade and other payables of approximately HK$2.0 million; and (iii) reversal of impairment loss on amounts due from a former related company of approximately HK$0.8 million.

Our net cash flows from operating activities of approximately HK$6.3 million for the seven months ended 31 October 2016 mainly arose from profit before taxation of approximately HK$2.1 million, adjusted for (i) depreciation of approximately HK$7.1 million; (ii) increase in trade and other payables of approximately HK$1.7 million; (iii) decrease in inventories of approximately HK$0.5 million; and (iv) increase in amounts due to customers for service contracts of approximately HK$0.5 million, which were partly offset by (i) gain on disposal of property, plant and equipment of approximately HK$1.2 million; (ii) increase in trade and other receivables of approximately HK$3.9 million; and (iii) reversal of impairment loss on amounts due from a former related company of approximately HK$0.8 million.

Our net cash flows from operating activities of approximately HK$6.6 million for the seven months ended 31 October 2017 mainly arose from loss before taxation of approximately HK$4.7 million, adjusted for (i) depreciation of approximately HK$5.7 million; (ii) decrease in trade and other receivables of approximately HK$4.5 million; and (iii) increase in trade and other payables of approximately HK$1.0 million.

Net cash flows from investing activities

Our net cash from investing activities for the year ended 31 March 2016 was approximately HK$4.7 million. This amount was attributable to the repayment of the amount due from Global Window of approximately HK$4.8 million less purchase of property, plant and equipment of approximately HK$0.1 million.

Our net cash from investing activities for the year ended 31 March 2017 was approximately HK$4.7 million. This amount was attributable to (i) repayment of amount due from Global Window of approximately HK$2.5 million; and (ii) the proceeds from sale of property, plant and equipment of approximately HK$2.5 million less purchase of property, plant and equipment of approximately HK$0.2 million.

Our net cash from investing activities for the seven months ended 31 October 2016 was approximately HK$4.4 million. This amount was attributable to (i) repayment of amount due from Global Window of approximately HK$2.0 million; and (ii) the proceeds from sale of property, plant and equipment of approximately HK$2.5 million less purchase of property, plant and equipment of approximately HK$0.2 million.

Our net cash used in investing activities for the seven months ended 31 October 2017 was approximately HK$71,000 which was solely arising from purchase of property, plant and equipment.

Net cash flows used in financing activities

Our net cash used in financing activities for the year ended 31 March 2016 was approximately HK$11.8 million. This amount was primarily attributable to (i) repayment of bank borrowings of approximately HK$6.7 million; (ii) repayment of obligations under finance leases of approximately HK$1.6 million; (iii) loan to Mr. So of approximately HK$10.0 million, (iv) advance to Ching Art Production of approximately HK$4.7 million; and (v) dividend payment of approximately HK$11.7 million, which were partially offset by (i) new bank borrowings raised of approximately HK$14.4 million; and (ii) repayment of loan from Mr. So of approximately HK$10.0 million.

Our net cash used in financing activities for the year ended 31 March 2017 was approximately HK$34.5 million. This amount was primarily attributable to (i) repayment of bank borrowings of approximately HK$5.6 million; (ii) repayment of obligations under finance leases of approximately HK$1.6 million; and (iii) dividend payment of approximately HK$26.4 million.

Our net cash used in financing activities for the seven months ended 31 October 2016 was approximately HK$14.8 million. This amount was primarily attributable to (i) repayment of bank borrowings of approximately HK$3.3 million; (ii) repayment of obligations under finance leases of approximately HK$1.0 million; and (iii) dividend payment of approximately HK$10.2 million.

Our net cash used in financing activities for the seven months ended 31 October 2017 was approximately HK$14.0 million. This amount was primarily attributable to (i) repayment of bank borrowings of approximately HK$3.3 million; (ii) repayment of obligations under finance leases of approximately HK$0.8 million; and (iii) dividend payment of approximately HK$9.9 million.

NET CURRENT ASSETS

The following table sets out details of our current assets and current liabilities as at the respective financial position dates below:

	As at 31 March		As at 31 October	As at 28 February
	2016	**2017**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)
CURRENT ASSETS				
Inventories	1,911	1,938	1,839	2,442
Amount due from customers for service contracts	—	440	380	738
Trade and other receivables	23,220	21,346	16,834	18,646
Amount due from related companies	2,772	—	—	—
Tax recoverable	549	179	—	192
Bank balances and cash	51,286	32,394	24,941	14,022
Total current assets	79,738	56,297	43,994	36,040

	As at 31 March		As at 31 October	As at 28 February
	2016	**2017**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)
CURRENT LIABILITIES				
Amounts due to customers for service contracts	—	500	176	389
Trade and other payables	18,463	16,445	17,494	16,034
Bank borrowings	17,899	12,293	9,022	7,153
Obligations under finance leases	1,579	1,008	468	350
Amount due to the immediate holding company	—	—	300	—
Amount due to related companies	1,418	—	—	—
Amount due to a Director	168	168	—	—
Dividend payable	10,240	—	—	—
Tax payable	267	766	1,980	412
Total current liabilities	50,034	31,180	29,440	24,338
Net current assets	29,704	25,117	14,554	11,702

Our net current assets decreased by approximately 15.5%, from approximately HK$29.7 million as at 31 March 2016 to approximately HK$25.1 million as at 31 March 2017, primarily attributable to the decrease in bank balances and cash of approximately HK$18.9 million, decrease in bank borrowings of approximately HK$5.6 million, partly offset by the decrease in dividend payable of approximately HK$10.2 million.

Our net current assets decreased by approximately 41.8%, from approximately HK$25.1 million as at 31 March 2017 to approximately HK$14.6 million as at 31 October 2017, primarily attributable to the decrease in bank balances and cash of approximately HK$7.5 million and decrease in trade and other receivables of approximately HK$4.5 million.

Our net current assets further decreased by approximately 19.9%, from approximately HK$14.6 million as at 31 October 2017 to approximately HK$11.7 million as at 28 February 2018, primarily attributable to the payment of listing expenses of approximately HK$3.0 million.

DESCRIPTION AND ANALYSIS OF PRINCIPAL ITEMS IN THE COMBINED STATEMENTS OF FINANCIAL POSITION

Property, plant and equipment

The following table set forth a summary of our property, plant and equipment balances as at the end of each reporting period indicated:

	As at 31 March 2016	As at 31 March 2017	As at 31 October 2017
	HK$'000	*HK$'000*	*HK$'000*
Leasehold improvements	154	96	71
Plant and machinery	53,596	42,109	36,751
Furniture and equipment	1,052	705	512
Motor vehicles	570	367	272
Total	55,372	43,277	37,606

Property, plant and equipment consists of (i) leasehold improvements; (ii) plant and machinery; (iii) furniture and equipment; and (iv) motor vehicles.

The net book value of our property, plant and equipment decreased by approximately 21.8%, from approximately HK$55.4 million as at 31 March 2016 to approximately HK$43.3 million as at 31 March 2017. The decrease was mainly attributable to the recognition of depreciation of approximately HK$11.5 million for the year ended 31 March 2017 and the disposal of two color press printing machines amounting to approximately HK$1.4 million for the year ended 31 March 2017.

The net book value of our property, plant and equipment decreased by approximately 13.2%, from approximately HK$43.3 million as at 31 March 2017 to approximately HK$37.6 million as at 31 October 2017. The decrease was mainly attributable to the recognition of depreciation of approximately HK$5.7 million for the seven months ended 31 October 2017.

Inventories

Our inventories consist of raw materials, which mainly comprised paper and printing materials, and work-in-progress. As at 31 March 2016 and 2017 and 31 October 2017, our inventories remained at approximately HK$1.9 million, HK$1.9 million and HK$1.8 million, respectively.

No provision for obsolete inventories was made during the Track Record Period.

The following table sets forth our inventory turnover days during the Track Record Period:

	Year ended 31 March		Seven months ended 31 October
	2016	2017	2017
Inventory turnover days (Note)	57.2	64.7	55.4

Note: Inventory turnover days are calculated by dividing the average of the opening and closing inventory balance by the cost of raw materials multiplied by the number of days in the relevant periods (i.e. 365 days for each of the two years ended 31 March 2016 and 2017 and 214 days for the seven months ended 31 October 2017).

The inventory turnover days increased from 57.2 days for the year ended 31 March 2016 to 64.7 days for the year ended 31 March 2017, primarily due to decrease in cost of raw materials, coupled with the higher amount of paper purchased by February and March 2017 for upcoming projects afterwards.

The inventory turnover days decreased from 64.7 days for the year ended 31 March 2017 to 55.4 days for the seven months ended 31 October 2017 was because we received more urgent orders which sped up the use of paper near the end of period of the seven months ended 31 October 2017.

The following table sets forth the aging analysis of our inventories as at the date indicated:

	As at 31 March		As at 31 October
	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*
Less than 90 days	994	929	973
91 to 180 days	164	242	215
181 to 270 days	47	147	104
271 to 360 days	22	176	142
Over 360 days	684	444	405
Total	1,911	1,938	1,839

As at 31 March 2018, approximately HK$1.2 million (approximately 63.5%) of our Group's inventory balances as at 31 October 2017 was subsequently utilised or sold.

Trade and other receivables

The following table sets forth a breakdown of our trade and other receivables as at the dates indicated:

	As at 31 March		As at 31 October
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	16,232	13,034	9,833
Prepayment	199	5,032	2,787
Deposits and other receivables	6,789	3,280	4,214
Total	23,220	21,346	16,834

In general, our customers are required to settle our invoices within 7 to 60 days. The credit period given to customers depends on different factors, including but not limited to, their credit worthiness, length of our working relationship, payment records and their current ability to pay, etc.. We continuously monitor the status of the outstanding trade receivable due to us from each customer. The trade receivables decreased by approximately 19.8%, from approximately HK$16.2 million as at 31 March 2016 to approximately HK$13.0 million as at 31 March 2017 and by approximately 24.6% from approximately HK$13.0 million as at 31 March 2017 to approximately HK$9.8 million as at 31 October 2017, mainly due to decrease in sales with new customers who are offered shorter credit terms near the seven months ended 31 October 2017.

Prepayment primarily included prepayment to suppliers for purchases as at 31 March 2016, and mainly included the prepayment of listing expenses of approximately HK$5.0 million as at 31 March 2017 and of approximately HK$2.1 million as at 31 October 2017.

Deposits and other receivables mainly comprises (i) other receivables in relation to the postage disbursement for direct mailing service of the printed documents paid by us already and pending reimbursement by our customer; and (ii) deposits of rental expenses and utilities. It decreased by approximately 51.5%, from approximately HK$6.8 million as at 31 March 2016 to approximately HK$3.3 million as at 31 March 2017, mainly due to the decrease in other receivables of approximately HK$3.5 million in relation to the postage disbursements, which was in line with the decrease in revenue from printing of direct mailing materials for the year ended 31 March 2017. It increased by approximately 27.3%, from approximately HK$3.3 million as at 31 March 2017 to approximately HK$4.2 million as at 31 October 2017, mainly due to the increase in other receivables of approximately HK$0.7 million in relation to the postage disbursements.

We continuously monitor the status of the outstanding trade receivables and promptly follow up on all outstanding trade receivables. The table below set forth our trade receivables turnover days as at the dates indicated:

	Year ended 31 March		Seven months ended 31 October
	2016	**2017**	**2017**
Trade receivable turnover days (Note)	61.7	63.9	50.2

Note: Trade receivable turnover days is calculated by dividing the average of the opening and closing balances of the trade receivables for the relevant periods by revenue and then multiplied by the number of days in the relevant periods (i.e. 365 days for each of the two years ended 31 March 2016 and 2017 and 214 days for the seven months ended 31 October 2017).

Trade receivable turnover days were relatively stable at approximately 61.7 days and approximately 63.9 days for the two years ended 31 March 2017, respectively. Trade receivable turnover days decreased to approximately 50.2 days during the seven months ended 31 October 2017, which was mainly attributable to the decrease in the number of new customers who are offered shorter credit terms.

As at 31 March 2016 and 2017 and 31 October 2017, the ageing analysis of trade receivables based on the invoice date is as follows:

	As at 31 March		As at
	2016	**2017**	**31 October 2017**
	HK$'000	*HK$'000*	*HK$'000*
Less than 30 days	8,474	9,574	4,431
31 to 60 days	4,443	1,863	3,830
61 to 90 days	1,651	686	1,227
Over 90 days	1,664	911	345
	16,232	13,034	9,833

The following table sets forth the aging analysis of our trade receivables (which are past due but not impaired) as at the date indicated:

	As at 31 March		As at
	2016	**2017**	**31 October 2017**
	HK$'000	*HK$'000*	*HK$'000*
Neither past due nor impaired	10,891	6,350	5,342
Past due:			
Less than 30 days	2,335	5,208	3,002
31 to 60 days	1,627	622	1,142
61 to 90 days	970	559	259
Over 90 days	409	295	88
Total	16,232	13,034	9,833

For the two years ended 31 March 2017, nil and approximately HK$16,500 of trade receivables were written off. For the seven months ended 31 October 2016 and 2017, HK$16,500 and none of the trade receivables were written off respectively.

As at 31 March 2016 and 2017 and 31 October 2017, approximately HK$5.3 million, HK$6.7 million and HK$4.5 million were past due but not impaired, respectively. The overdue balances were related to a number of independent customers that have a good settlement track record with our Group and/or of good reputable and relatively large scale of operation. Based on past experience, we believe that no impairment allowance is required as there has not been a significant change in credit quality. The balances are still considered to be fully recoverable.

As at 31 March 2018, approximately HK$9.7 million (approximately 98.5%) of our trade receivables outstanding as at 31 October 2017 was subsequently settled.

Amounts due from/to customers on services contracts

With regard to service contracts (primarily related to IPO prospectus projects) which we had performed work while the relevant milestones of the contracts have not been achieved and hence invoices were yet to be issued, we recognised the amount due from/to customers based on the stage of completion of the contracts.

The increase in the amounts due from customers on service contracts from nil as at 31 March 2016 to approximately HK$0.4 million as at 31 March 2017 and remained stable at approximately HK$0.4 million as at 31 October 2017 which was mainly attributable to the number of on-going IPO prospectus projects remain unchanged.

The increase in the amounts due to customers on service contracts from nil as at 31 March 2016 to approximately HK$0.5 million as at 31 March 2017 was mainly due to deposits received from a newly started IPO project for the year ended 31 March 2017.

The decrease in the amounts due to customers on service contracts from approximately HK$0.5 million as at 31 March 2017 to approximately HK$0.2 million as at 31 October 2017, was mainly due to the completion of one IPO prospectus project and advance received for an on-going IPO prospectus project for the seven months ended 31 October 2017.

At at 31 March 2016 and 2017 and 31 October 2017, no retention was held by customers on service contracts.

Trade and other payables

The following table sets forth the components of our trade and other payables as of the dates indicated:

	As at 31 March		As at 31 October
	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*
Trade payables	4,404	3,427	4,096
Other payables	14,059	13,018	13,398
Total	18,463	16,445	17,494

Trade payables were mainly incurred for purchase of raw materials, procurement of services and subcontracting. Our trade payables decreased by approximately 22.7%, from approximately HK$4.4 million as at 31 March 2016 to approximately HK$3.4 million as at 31 March 2017. The decrease was primarily due to the decrease in purchase as a result of decrease in revenue.

Our trade payables increased by approximately 20.6%, from approximately HK$3.4 million as at 31 March 2017 to approximately HK$4.1 million as at 31 October 2017. The increase was primarily due to the increase in purchase of raw materials for urgent projects near the end the seven months ended 31 October 2017.

Other payables were mainly composed of accruals and other payables which mainly comprised accrued staff expenses and receipts in advance (which were mainly trade deposits from customers). Other payables decreased by approximately 7.8% from approximately HK$14.1 million as at 31 March 2016 to approximately HK$13.0 million as at 31 March 2017, mainly attributable to the decrease in receipts in advance from customers by approximately HK$1.2 million from approximately HK$10.2 million as at 31 March 2016 to approximately HK$9.0 million as at 31 March 2017, which was in line with the decrease in revenue and performance of works by end of financial year.

Other payables increased slightly by approximately 3.1% from approximately HK$13.0 million as at 31 March 2017 to approximately HK$13.4 million as at 31 October 2017, mainly attributable to the increase in provision for staff bonus for the year ended 31 March 2018 by approximately HK$1.1 million from approximately HK$0.5 million as at 31 March 2017 to approximately HK$1.6 million as at 31 October 2017, which was partly offset by the decrease in receipts in advance from customers by approximately HK$0.6 million from approximately HK$9.0 million as at 31 March 2017 to approximately HK$8.4 million as at 31 October 2017 which was in line with the decrease in revenue and performance of works by end of financial period.

The credit terms granted by our suppliers during the Track Record Period generally ranged from 30 to 90 days.

The table below set forth our trade payables turnover days for the two years ended 31 March 2017 and seven months ended 31 October 2017:

	Year ended 31 March		Seven months ended 31 October
	2016	**2017**	**2017**
Trade payables turnover days *(Note)*	57.7	70.3	73.6

Note: Trade payables turnover days is calculated by dividing the average of the opening and closing balances of the trade payables for the relevant periods by cost of raw materials and production overheads under the cost of services and then multiplied by the number of days in the relevant periods (i.e. 365 days for each of two years ended 31 March 2016 and 2017 and 214 days for the seven months ended 31 October 2017).

The trade payable turnover days were at approximately 57.7 days, approximately 70.3 and approximately 73.6 days for the two years ended 31 March 2016 and 2017 and for the seven months ended 31 October 2017, respectively.

The following table sets forth the aging analysis of our trade payables based on the invoice date as at the dates indicated:

	As at 31 March 2016	2017	As at 31 October 2017
	HK$'000	*HK$'000*	*HK$'000*
Less than 30 days	2,042	2,175	1,418
31 to 60 days	681	649	1,663
61 to 90 days	1,675	184	462
91 to 120 days	6	419	553
Total	4,404	3,427	4,096

As at 31 March 2018, approximately HK$4.1 million (approximately 99.8%) of our trade payables outstanding as at 31 October 2017 were subsequently settled.

Amount due to a Director

As at 31 March 2016 and 2017, the amount due to a Director (i.e. Mr. Leung) remained at approximately HK$168,000, which was non-trade related, repayable on demand, unsecured and interest-free. The amount was fully settled during the seven months ended 31 October 2017.

Amounts due from/to related parties

As at 31 March 2016 and 2017, the amounts due from related parties were approximately HK$2.8 million and nil, respectively, representing amounts due from related parties controlled by our Controlling Shareholder(s). The amount due from Global Window of approximately HK$2.5 million as at 31 March 2016 was non-trade related, unsecured, interest-bearing at 0.75% above the 1 month's Hong Kong Inter-bank Offered Rate ("**HIBOR**") per annum and repayable on demand, while the amount due from the remaining related party of approximately HK$0.3 million as at 31 March 2016 was non-trade related, unsecured, interest-free and repayable on demand.

As at 31 March 2016 and 2017, the amount due to related parties was approximately HK$1.4 million and nil, respectively. The balance with the related parties mainly represents amounts due to related parties controlled by our Controlling Shareholder(s). The amounts due to the related parties were non-trade related, unsecured, interest-free and repayable on demand.

All the above amounts due from/to related parties were settled during the year ended 31 March 2017.

As at 31 March 2016, we had a trade payable to Elegance Integration of approximately HK$0.2 million, which was settled during the year ended 31 March 2017. Elegance Integration was disposed to an Independent Third Party on 31 March 2016.

Amount due to the immediate holding company

As at 31 March 2016 and 2017 and 31 October 2017, the amount due to the immediate holding company was nil, nil and approximately HK$0.3 million respectively. The amount was non-trade related, unsecured, interest-free and repayable on demand. The amount has been fully settled in December 2017.

Accumulated profits

The unaudited accumulated profits of our Group as at 1 April 2015 were approximately HK$74.5 million, whereas the accumulated profits of our Group were approximately HK$57.1 million, HK$42.9 million and HK$27.8 million as at 31 March 2016, 31 March 2017 and 31 October 2017, respectively. The profit and total comprehensive income for the two years ended 31 March 2017 were approximately HK$1.8 million and HK$2.0 million respectively. Excluding the listing expenses of approximately HK$8.0 million, the profit and total comprehensive income for the period ended 31 October 2017 was approximately HK$2.8 million.

Our Group has been operating for over 38 years, and our first operating subsidiary company, namely Elegance Printing HK, was incorporated in 1992. The accumulated profit of approximately HK$74.5 million as at 1 April 2015 was the result of net profits generated over the years. Substantial accumulated profits accumulated as at 1 April 2015 was mainly attributable to the profits generated from the commercial printing business prior to the Track Record Period. Most of the accumulated profits of approximately HK$74.5 million as at 1 April 2015 were declared as dividend and distributed by entities now comprising our Group prior to the Listing.

Movement of key financial figures prior to and during the Track Record Period

As a result of the lower amount of sales orders received from certain commercial printing customers, the total revenue had been on a decreasing trend for the year ended 31 March 2015 (i.e. prior to the Track Record Period) and the year ended 31 March 2016. Revenue generated from two commercial printing customers (one of which being one of the top five customers during the Track Record Period, i.e. Customer A) which contributed approximately 50.5% and 34.3% of total revenue for the year ended 31 March 2015 and the year ended 31 March 2016 respectively, decreased by approximately HK$19.5 million and HK$32.3 million, or approximately 22.8% and 48.9%, respectively during the same periods compared to the corresponding revenue from these two commercial printing customers in the preceding financial year, which were the key reason for the decreasing trend of total revenue. To the best of the Directors' knowledge and belief having made reasonable enquiries, the decrease in orders from Customer A as well as the overall decrease in demand for our commercial printing services was attributable to (i) increasing digitalization of information and thus reducing the demand to physically printed materials; and (ii) increasing competition in the commercial printing industry of Hong Kong. Such decreasing trend in total revenue was slowed down for the year ended 31 March 2017 and for the seven months ended 31 October 2017. For the year ended 31 March 2017, the decrease in total revenue (mainly attributable to Customer A) was partly offset by the increase in commercial printing revenue from promotional and marketing materials by approximately HK$2.7 million (representing an increase of approximately 10.2% compared to the preceding financial year), and textbook and related publication materials by approximately HK$1.9 million (representing an increase of approximately 27.3% compared to the preceding financial year), primarily because of the increase of number of customers and increased orders from the book publisher based on our marketing efforts to diversify the decrease in sales orders from Customer A. For the seven months ended 31 October 2017, the revenue generated from promotional and marketing materials also increased by approximately HK$1.3 million or 8.9% as compared to the seven months ended 31 October 2016, which partially offset the decrease in revenue from Customer A. Notwithstanding the decrease in sales orders, Customer A remained as one of the top five customers during the Track Record Period.

Our cost of services is mainly composed of direct labour cost, cost of raw materials, production overheads, depreciation, factory rent, electricity and water. Our Group experienced a slight decrease in both gross profit and gross profit margin for the year ended 31 March 2014 (i.e. prior to the Track Record Period). For the year ended 31 March 2015 (i.e. prior to the Track Record Period) and the year ended 31 March 2016, the gross profit and gross profit margin of our Group further decreased, which were mainly due to the fact that the overall decrease in cost of services was not aligned with the decrease in the total revenue. As part of the cost of services, including direct labour costs and production overheads, which accounted for more than 50% of our cost of services for the two years ended 31 March 2016, the movement among them would be relatively different from the movement of the total revenue, and they did not show the same rate of decrease as the decrease in total revenue during the same periods. For the year ended 31 March 2015, the labour costs and production overheads increased while there was a decrease in our total revenue, and for the year ended 31 March 2016, our direct labour cost and production overheads decreased by approximately HK$8.3 million, or by approximately 18.0%, while our total revenue was decreased by approximately 24.9% during the same period. In view of decrease in our revenue, the cost control efforts were introduced in early 2016. After we implemented the cost control efforts, there was a decrease in cost of services of approximately HK$5.3 million, which consisted of decrease in direct labour cost and production overheads from approximately HK$37.9 million in aggregate for the year ended 31 March 2016 to approximately HK$32.6 million for the year ended 31 March 2017. For the seven months ended 31 October 2017, due to our control efforts, our gross profit margin was improved during the same period.

Compared to the corresponding preceding financial years, both our net profit and net profit margin began to decrease for the year ended 31 March 2014 (i.e. prior to the Track Record Period), and such decreasing trend continued to the year ended 31 March 2016. Such decrease was due to the same reason of decrease in gross profit and gross profit margin, which was further impacted by the movement of non-recurring items recognized in other income. In line with the gross profit margin, the net profit margin (excluding listing expenses) rebounded from approximately 1.8% for the year ended 31 March 2016 to 3.0% for the year ended 31 March 2017, and to approximately 5.7% (excluding listing expenses) for the seven months ended 31 October 2017.

INDEBTEDNESS

Bank borrowings

As the end of the reporting period, the details of the bank borrowings of our Group are as follows:

	As at 31 March 2016	2017	As at 31 October 2017	As at 28 February 2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)
Bank borrowings — secured	17,899	12,293	9,022	7,153
Carrying amounts of bank borrowings that are repayable *(Note)*				
Within one year	5,606	5,606	4,698	3,070
More than one year, but not exceeding two years	5,606	3,563	2,883	2,882
More than two years, but not exceeding five years	6,687	3,124	1,441	1,201
Amounts shown under current liabilities	17,899	12,293	9,022	7,153

Note: All bank borrowings contain a repayment on demand clause and are shown under current liabilities. The amounts due are presented based on scheduled repayment dates set out in the loan agreements.

As at 31 March 2016 and 2017, 31 October 2017 and 28 February 2018, the bank borrowings, bore a floating interest rate, at a 1-month HIBOR plus 2% or 2.25% per annum. The effective interest rates on bank borrowings as at 31 March 2016 and 2017, 31 October 2017 and 28 February 2018 are approximately 2.46%, 2.58%, 2.66% and 2.79% per annum, respectively.

The banking borrowings are secured and guaranteed by (i) corporate guarantees, each of which amounted to HK$42.0 million given by Elegance Printing HK and a related company, Global Window, respectively and (ii) personal guarantee amounted to HK$42.0 million given by Mr. So. The corporate guarantee by Global Window is supported by (i) a legal charge over our printing production factory in Shaukeiwan, Hong Kong, which is a property owned by Global Window and (ii) an assignment of the printing factory rental income. The above guarantees by Global Window and Mr. So will be released and replaced by a corporate guarantee from our Company upon Listing.

All of the banking facilities are subject to the fulfilment of covenants relating to Elegance Printing HK's ratios based on its statement of financial position, as are commonly found in lending arrangements with financial institutions. If it breaches the covenants, the drawn down facilities would become repayable on demand. In addition, the term loan agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the subsidiary has complied with the covenants and met the scheduled repayment obligations.

The bank borrowings were mainly incurred for the purchase of printing machineries for production.

Our Group regularly monitors its compliance with these covenants and has made payments according to the schedule of the term loans and does not consider it probable that the bank will exercise its discretion to demand repayment so long as our Group continues to meet these requirements. Further details of our Group's management of liquidity risk are set out in note 28 of the Accountants' Report in Appendix I to this prospectus. As at 31 March 2016 and 2017, 31 October 2017, and 28 February 2018, none of the covenants relating to drawn down facilities have been breached.

Our bank borrowings decreased by approximately HK$5.6 million from approximately HK$17.9 million as at 31 March 2016 to approximately HK$12.3 million as at 31 March 2017 and by approximately HK$3.3 million from approximately HK$12.3 million as at 31 March 2017 to approximately HK$9.0 million as at 31 October 2017, which was in line with the repayment schedule.

As at 28 February 2018, the total amount of unutilised facilities was HK$4.7 million.

Obligations under finance leases

At the end of the reporting period, our Group had obligations under finance leases repayable as follows:

	Minimum lease payments				Present value of minimum lease payments			
	At 31 March		At 31 October	At 28 February	At 31 March		At 31 October	At 28 February
	2016	2017	2017	2018	2016	2017	2017	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)
Amount payable:								
Within one year	1,625	1,034	484	362	1,579	1,008	468	350
In the second to fifth years inclusive	1,109	658	420	330	1,093	638	407	320
	2,734	1,692	904	692	2,672	1,646	875	670
Future finance charges	(62)	(46)	(29)	(22)	—	—	—	—
Present value of lease obligations	2,672	1,646	875	670	2,672	1,646	875	670
Amount due for settlement within 12 months					1,579	1,008	468	350
Amount due for settlement after 12 months					1,093	638	407	320
					2,672	1,646	875	670

Our Group leases a range of machineries, being digital press printing machines, under finance leases with average lease term of five years and are secured by a charge over the leased assets. As at 31 March 2016 and 2017, 31 October 2017 and 28 February 2018, the effective interest rates for the obligation under finance leases were approximately 2.49%, 2.28%, 2.62% and 2.20% per annum, respectively.

Our finance lease obligations decreased by approximately 40.7%, from approximately HK$2.7 million as at 31 March 2016 to approximately HK$1.6 million as at 31 March 2017 and decreased by approximately 43.8%, from approximately HK$1.6 million as at 31 March 2017 to approximately HK$0.9 million as at 31 October 2017 and further decreased by 22.2% to HK$0.7 million as at 28 February 2018. The decreasing trend from 31 March 2016 to 28 February 2018 was solely attributable to the repayments made under the lease repayment schedule, except for the year ended 31 March 2017. For the year ended 31 March 2017, there were addition of equipment leased which offset the lease repayment schedule.

Contingent liabilities

As at 31 March 2016 and 2017, 31 October 2017 and as at the Latest Practicable Date, we did not have any material contingent liabilities.

Disclaimer

Save as aforesaid and as otherwise disclosed herein and apart from intra-group liabilities and normal trade payables, as at 28 February 2018, we did not have any outstanding mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptance or acceptance credits or guarantees or other material contingent liabilities.

Our Directors confirm that up to the Latest Practicable Date, save as disclosed in this prospectus, there has been no material change in indebtedness and contingent liability of our Group since 28 February 2018.

COMMITMENTS

Capital commitments

We had no capital expenditure contracted but not yet incurred as at 31 March 2016 and 2017 and 31 October 2017. As at the Latest Practicable Date, we had entered into a contract for purchase of a new machine for computer-to-plate system. Such new machine had not yet been delivered as at the Latest Practicable Date. Save as disclosed, we had no capital expenditure contracted but not yet incurred as at the Latest Practicable Date.

Operating lease commitments

Our Group leases the printing production factory and office for financial printing services under operating leases with leases negotiated for terms ranging from two to three years. None of the leases includes contingent rentals.

The following table sets forth a breakdown of the total future minimum lease payments as at the dates indicated:

	As at 31 March 2016 *HK$'000*	2017 *HK$'000*	As at 31 October 2017 *HK$'000*
Within one year	718	8,842	8,842
In the second to third year	—	6,615	3,308
Total	718	15,457	12,150

The operating lease commitments increased from approximately HK$0.7 million as at 31 March 2016 to approximately HK$15.5 million as at 31 March 2017 due to the renewal of the tenancy agreements for the printing production factory and the office for financial printing services during the year ended 31 March 2017.

The operating lease commitments decreased from approximately HK$15.5 million as at 31 March 2017 to HK$12.2 million as at 31 October 2017, after the recognition of the rental expenses of the office for financial printing services for the seven months ended 31 October 2017.

CAPITAL EXPENDITURES

We historically financed our capital expenditure requirements primarily through cash generated from our operations, bank borrowings and finance leases. During the Track Record Period, our capital expenditures were primarily related to purchase of property, plant and equipment for production. The following table sets out our historical capital expenditures during the Track Record Period:

	For the year ended 31 March 2016 *HK$'000*	2017 *HK$'000*	For the seven months ended 31 October 2017 *HK$'000*
Addition to:			
Property, plant and equipment	109	859	71

Following the Share Offer, we will continue to incur capital expenditure for the growth of our business. Our intended capital expenditures mainly include those related to the acquisition of a permanent office premises for our financial printing services, and the purchase and upgrade of software and hardware for financial printing services. For details, please refer to the sections headed "Future Plans and Use of Proceeds" and "Business — Our Business Strategies" in this prospectus.

WORKING CAPITAL

Taking into account the financial resources presently available to our Group, including the balance of our cash and bank balances, bank borrowings, cash flows generated from our operating activities and the estimated net proceeds from the Share Offer, our Directors are of the opinion that our Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this prospectus.

LISTING EXPENSES

Our listing expenses consist of fees paid to various professionals for audit, financial advisory, legal and other professional services in relation to the preparation of the Listing. During the year ended 31 March 2017 and the seven months ended 31 October 2017, we incurred listing expenses of approximately HK$0.5 million and approximately HK$8.0 million, respectively. We expect to incur additional listing expenses of approximately HK$16.5 million (based on the Offer Price of HK$0.60 per Share) after the Track Record Period. Of the total listing expenses of approximately HK$25.0 million, approximately HK$0.5 million was charged to our combined statements of comprehensive income for the year ended 31 March 2017, approximately HK$13.2 million and HK$3.9 million are expected to be charged to our combined statements of comprehensive income for the year ended 31 March 2018 and the year ending 31 March 2019 respectively, and approximately HK$7.4 million directly attributable to the issue of the Offer Shares is expected to be accounted for as a deduction from equity. Our Directors would like to emphasise that such cost is a current estimate for reference only, and the final amount to be recognised to the income statement of our Group or to be capitalised is subject to adjustment based on audit and the subsequent changes in variables and assumptions. Our results of operations for the year ended 31 March 2018 is expected to be adversely affected by the non-recurring listing expenses in connection with the Listing. Hence, our Group is expected to be loss making for the year ended 31 March 2018, taking into account such non-recurring listing expenses.

Potential investors should note that the financial performance of our Group for the year ended 31 March 2018 is expected to be adversely affected by the non-recurring listing expenses mentioned above, and may or may not be comparable to the financial performance of our Group in the past.

KEY FINANCIAL RATIO

The following table sets out certain key financial ratios of our Group during the Track Record Period:

	As at/for the year ended 31 March		**As at/for the seven months ended 31 October**
	2016	**2017**	**2017**
Current ratio(1)	1.6 times	1.8 times	1.5 times
Quick ratio(2)	1.6 times	1.7 times	1.4 times
Gearing ratio(3)	27.3%	22.8%	21.6%
Debt to equity ratio(4)	Net cash	Net cash	Net cash
Return on equity(5)	2.4%	3.3%	Net loss
Return on total assets(6)	1.3%	2.0%	Net loss
Interest coverage(7)	2.3 times	5.6 times	Net loss

Notes:

1. Current ratio represents total current assets divided by total current liabilities.
2. Quick ratio is calculated as the total current assets minus inventories and divided by total current liabilities.
3. Gearing ratio represents net debt (all borrowings, including finance lease obligations) divided by total equity and multiplied by 100%.
4. Debt to equity ratio is calculated by the net debt (all borrowings, including finance lease obligations, net of cash and cash equivalents) divided by the total equity as at the respective periods end and multiplied by 100%.
5. Return on equity equals profit for the period divided by total equity as at period end and multiplied by 100%.
6. Return on total assets equals profit for the period divided by total assets as at the period end and multiplied by 100%.
7. Interest coverage equals profit before interest and tax divided by interest expenses for the periods.

Current ratio

Our current ratio was relatively stable at approximately 1.6 times as at 31 March 2016, approximately 1.8 times as at 31 March 2017 and approximately 1.5 times as at 31 October 2017.

Quick ratio

Our quick ratio was relatively stable at approximately 1.6 times as at 31 March 2016, approximately 1.7 times as at 31 March 2017 and approximately 1.4 times as at 31 October 2017.

Gearing ratio

Our gearing ratio decreased from approximately 27.3% as at 31 March 2016 to approximately 22.8% as at 31 March 2017, primarily due to the decrease in bank borrowings of approximately HK$5.6 million and decrease in finance lease obligations of approximately HK$1.1 million, partly offset by the distribution of dividends amounting to approximately HK$16.1 million during the year ended 31 March 2017.

Our gearing ratio further decreased from approximately 22.8% as at 31 March 2017 to approximately 21.6% as at 31 October 2017, primarily due to the decrease in bank borrowings of approximately HK$3.3 million and decrease in finance lease obligations of approximately HK$0.7 million, partly offset by the decrease in total equity arising from the distribution of dividends amounting to approximately HK$9.9 million and the loss and total comprehensive loss totaling HK$5.2 million during the seven months ended 31 October 2017.

Debt to equity ratio

No debt to equity ratio was calculated as at 31 March 2016 and 2017 and 31 October 2017, because our cash and cash equivalents were larger than our total debts as at 31 March 2016 and 2017 and 31 October 2017.

Return on equity

Our return on equity increased from approximately 2.4% as at 31 March 2016 to approximately 3.3% as at 31 March 2017, primarily due to the increase in net profit for the year from approximately HK$1.8 million for the year ended 31 March 2016 to approximately HK$2.0 million for the year ended 31 March 2017, coupled with the decrease in total equity following distribution of dividends of approximately HK$16.1 million during the year ended 31 March 2017.

The listing expenses of HK$0.5 million and HK$8.0 million were charged to our combined statements of comprehensive income for the year ended 31 March 2017 and for the seven months ended 31 October 2017, respectively. Excluding the effect on the listing expenses, the return on equity would be 4.1% and 6.1% for the year ended 31 March 2017 and for the seven months ended 31 October 2017, respectively.

Return on total assets

Our return on total assets increased from approximately 1.3% as at 31 March 2016 to approximately 2.0% as at 31 March 2017, primarily due to the increase in net profit from HK$1.8 million for the year ended 31 March 2016 to approximately HK$2.0 million for the year ended 31 March 2017 and the decrease in total assets from approximately HK$135.2 million as at 31 March 2016 to approximately HK$99.6 million as at 31 March 2017, primarily due to payment of dividend of approximately HK$26.4 million during the year ended 31 March 2017 and depreciation charge of approximately HK$11.5 million for the year ended 31 March 2017.

The listing expenses of approximately HK$0.5 million and HK$8.0 million were charged to our combined statements of comprehensive income for the year ended 31 March 2017 and for the seven months ended 31 October 2017, respectively. Excluding the effect on the listing expenses, the return on total assets would be approximately 2.5% and 3.4% for the year ended 31 March 2017 and for the seven months ended 31 October 2017, respectively.

Interest coverage

Our interest coverage increased from approximately 2.3 times as at 31 March 2016 to approximately 5.6 times as at 31 March 2017, primarily due to the increase in profit before interest and tax from approximately HK$1.3 million for the year ended 31 March 2016 to approximately HK$2.4 million for the year ended 31 March 2017.

The listing expenses of approximately HK$0.5 million and HK$8.0 million were charged to our combined statements of comprehensive income for the year ended 31 March 2017 and for the seven months ended 31 October 2017, respectively. Excluding the effect on the listing expenses, the interest coverage would be approximately 6.7 times and 19.2 times for the year ended 31 March 2017 and for the seven months ended 31 October 2017, respectively.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had entered into certain related party transactions, details of which are set out in note 27 to the Accountants' Report in Appendix I to this prospectus.

PROPERTY INTERESTS

During the Track Record Period and up to the Latest Practicable Date, we did not own any property, while details of our leased properties in Hong Kong are set out in the section headed "Business — Properties" in this prospectus.

OFF-BALANCE SHEET TRANSACTIONS

We have not entered into any material off-balance sheet transactions or arrangements during the Track Record Period and as at the Latest Practicable Date.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to a variety of financial risks, such as market risks (including interest rate risk and foreign currency risk), credit risk and liquidity risk.

Details of the risks to which we are exposed are set out in note 28 to the Accountants' Report set forth in Appendix I to this prospectus.

DIVIDEND

For the two years ended 31 March 2017, our Group declared dividend of approximately HK$19.2 million and HK$16.1 million, respectively. The dividend of approximately HK$19.2 million and HK$16.1 million were fully settled by May 2017 and by March 2017, respectively. On 11 September 2017, an interim dividend of HK$9.7 million was declared by our Company to Glorytwin, and the payment of which had been settled in full in September 2017. The declaration, payment and amount of dividend will be at the discretion of our Directors, subject to approval by our shareholders, and will be dependent upon our earnings, financial conditions, cash requirements and availability, future prospects, contractual restrictions, applicable laws and provisions and other relevant factors. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations. There is no assurance as to the amount of dividend payment, if any, or the timing of any dividend payment. We do not currently have any predetermined dividend distribution ratio.

DISTRIBUTABLE RESERVES

Under the Companies Law, we may pay dividends out of our profit or our share premium account in accordance with the provisions of our Articles of Association, provided that immediately following the date on which the dividend is proposed to be distributed, we remain able to pay our debts as and when they fall due in the ordinary course of business. Our Company was incorporated on 24 January 2017 and there was no distributable reserve as at 31 March 2017, 31 October 2017 and up to the Latest Practicable Date.

DISCLOSURE UNDER CHAPTER 17 OF THE GEM LISTING RULES

Save as disclosed in this prospectus, our Directors confirm that as at the Latest Practicable Date, there are no circumstances which would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

Please see the section headed "Unaudited Pro Forma Statement of Adjusted Combined Net Tangible Assets" in Appendix IIA to this prospectus for details of the unaudited pro forma adjusted combined net tangible assets of our Group.

FOREIGN EXCHANGE EXPOSURE

Our Group settled some of the purchases for paper in US$. As HK$ is pegged with US$ under the Linked Exchange Rate System, our Group's exposure to US$ exchange risk is minimal. No hedging arrangement to hedge our foreign exchange exposure accordingly.

Our Directors consider that we will have sufficient foreign exchange, primarily from the conversion of Hong Kong dollars generated from our operations, to meet our foreign exchange liabilities as they become due.

RECENT DEVELOPMENT

After the Track Record Period and up to 31 March 2018, we had secured material new sales orders from new customers in the total amount of approximately HK$5.9 million, and four new IPO projects with an aggregate contract value of approximately HK$4.2 million. One IPO project was brought forward from the Track Record Period.

Upon Listing, for the revenue trend of commercial printing, based on the organic growth of revenue generated from Customer B for commercial printing (mainly for textbooks and publication) during the Track Record Period, and in view of the expected increase in the capability of sourcing customers from commercial printing due to the expansion of our sales team, we also expect an increase in revenue from commercial printing services, in particular for textbook and publication, which will set off most of the drop in orders from our Customer A, shall our expansion plan be materialised.

Upon Listing, for the revenue trend of financial printing, in view of the potential five new IPO projects expected to be sourced by the three new sales personnel to be recruited during the year ending 31 March 2019, whom are expected to have experiences in financial printing industry and be responsible mainly in sourcing clients for financial printing services, we also expect to have new and significant customers from financial printing services (mainly IPO projects), thus we expect an increase in revenue from financial printing.

In June 2017, the Stock Exchange launched a consultation in respect of its proposal to change its rules for the GEM which seek to address recent market and regulatory concerns regarding the quality and performance of applicants to, and listed issuers on, GEM. It is proposed by the Stock Exchange in its consultation paper that, among others, applicants who apply transfer from GEM to Main Board are required to issue a "prospectus-standard" listing document instead of merely publishing relevant announcements and circulars for shareholders' meetings (where applicable). The conclusion of the relevant consultation was issued in December 2017, which most of the proposed amendments were adopted and has become effective on 15 February 2018. Our Directors are of the view that, the amendments to the transfer application from GEM to Main Board may create a new business opportunity of our Group in respect of the financial printing services for listing documents of the transfer applications.

The following table sets out details of our revenue, gross profit, gross profit margin and operating cash flows before movements in working capital for the two years ended 31 March 2018.

	For the year ended 31 March	
	2017	2018
	HK$'000	*HK$'000*
	(audited)	(unaudited)
Revenue	83,538	80,593
Gross profit	21,803	25,534
Gross profit margin	26.1%	31.7%
Operating cash inflows before movements in working capital	12,017	1,490

The decrease in revenue for the year ended 31 March 2018 when compared to the corresponding period last year was mainly attributable to the decrease in sales of Customer A, which was partly set off by the increase in sales of other customers. In spite of the decrease in sales, the increase in gross profit and gross profit margin was mainly due to the decrease in depreciation, direct labour cost and subcontracting costs.

The significant decrease in cash inflows before movements in working capital for the year ended 31 March 2018 when compared to the corresponding period last year was mainly due to the write-off of the listing expenses amounting to approximately HK$13.2 million.

Our Group's unaudited accounts for the year ended 31 March 2018 has been reviewed by our Group's reporting accountants, Mazars CPA Limited, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Subsequent to the Track Record Period and up to the Latest Practicable Date, we continued to focus on provision of commercial printing and financial printing services with our business model remained unchanged, and have been awarded four contracts for financial printing services for IPO prospectus and application forms with an aggregate value of approximately HK$4.2 million. As at the Latest Practicable Date, we had five IPO projects on hand, one of which listing application had been submitted and was still active, whereas the remaining four IPO projects had not yet submitted the listing application. Based on the unaudited management accounts of our Group for the eleven months ended 28 February 2018, we recorded a growth in gross profit (primarily due to a lower amount of depreciation recorded and better cost control efforts implemented despite a decrease in revenue) as compared with the corresponding period in 2017, and it is expected that our gross profit margin for the year ended 31 March 2018 will be higher than that of the year ended 31 March 2017.

MATERIAL ADVERSE CHANGE

Our Directors confirmed that, up to the the date of this prospectus, (i) there had been no material adverse change in the general economic and market conditions, legal and regulatory environment, and the industry in which we operate that had materially and adversely affected our Group's financial or operating position since 31 October 2017, being the date to which our latest audited financial statements were prepared; (ii) there had been no other material adverse change in the operating and financial positions or prospects of our Group since 31 October 2017; and (iii) save for the non-recurring listing expenses mentioned in the paragraph headed "Listing Expenses" above, no event had occurred since 31 October 2017 which would materially affect the information shown in the Accountants' Report set forth in Appendix I to this prospectus.

LOSS ESTIMATE FOR THE YEAR ENDED 31 MARCH 2018

Estimated combined loss attributable to owners of the Company *(Note)*	not more than HK$9 million

Note: The bases on which the above loss estimate has been prepared are summarised in Appendix IIB to this prospectus. Our Directors have prepared the estimated combined loss attributable to owners of the Company for the year ended 31 March 2018 based on the audited combined results of our Group for the seven months ended 31 October 2017, the unaudited combined results based on management accounts of our Group for the five months ended 31 March 2018.

The estimated combined loss attributable to owners of the Company for the year ended 31 March 2018 has taken into account the expected listing expenses incurred for the year ended 31 March 2018 of approximately HK$13.2 million. The estimated combined profit (excluding listing expenses) attributable to owners of the Company for the year ended 31 March 2018 is not less than HK$4.2 million.

BUSINESS OBJECTIVES

We plan to continue to expand our market share and strengthen the market position of our business by adopting the following business strategies:

- Continue organic growth by solidifying existing customer relationship and developing new relationship
- Acquire a permanent office space for financial printing services for our business expansion
- Upgrade and acquire new equipment, hardware and software for financial printing services
- Continue to attract and retain top talent in the industry

Please refer to the section headed "Business — Our Business Strategies" in this prospectus for a detailed description of our business strategies.

USE OF PROCEEDS

Net proceeds of the Listing, after deducting underwriting commission and other expenses relating to the Listing payable by our Company and based on an Offer Price of HK$0.60 per Share, is expected to be approximately HK$41.0 million. The non-recurring expenses relating to the Listing has been or is expected to be charged to the financial results of our Group for the two years ending 31 March 2020. Our Company presently intends that the net proceeds from the Share Offer will be applied as follows:

	From the Latest Practicable Date to 30 September 2018	For the six months ending 31 March 2019	For the six months ending 30 September 2019	For the six months ending 31 March 2020	Total	Approximate percentage of net proceeds
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	
Continue organic growth by solidifying existing customer relationship and developing new relationship	360	360	360	420	1,500	3.7%
Acquire a permanent office space for financial printing services for our business expansion	–	37,000	–	–	37,000	90.2%
Upgrade and acquire new equipment, hardware and software for financial printing services	2,500	–	–	–	2,500	6.1%
Total	2,860	37,360	360	420	41,000	100%

To the extent our net proceeds are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations and bank loans.

To the extent that the net proceeds from the Share Offer are not immediately used for the above purposes, they will be placed on short-term interest bearing deposits with licensed commercial banks or financial institutions.

IMPLEMENTATION PLANS

In light of the business objectives and future plans of our Group, our Group will seek to attain the milestones contained in this paragraph from the Latest Practicable Date up to and including 31 March 2020. Investors should note that the milestones and their scheduled times for attainment are formulated on the bases and assumptions referred to in the section headed "Future Plans and Use of Proceeds — Bases and Key Assumptions of the Business Plans" below. These bases and assumptions are inherently subject to many uncertainties, variables and unpredictable factors, in particular the risk factors set out in the section headed "Risk Factors" in this prospectus. Our Group's actual course of business may vary from the business objectives set out in this prospectus. There can be no assurance that the plans of our Group will materialise in accordance with the expected time frame or that the objectives of our Group will be accomplished at all. Our Directors intend to carry out the following implementation plans:

For the period from the Latest Practicable Date to 30 September 2018

Objectives	Plan/Activities
Continue organic growth by solidifying existing customer relationship and developing new relationship	• recruit experienced sales staff • enhance and strengthen marketing activities
Acquire a permanent office space for financial printing services for our business expansion	• explore suitable premises
Upgrade and acquire new equipment, hardware and software for financial printing services	• acquire new software and hardware • conduct training for staff • upgrade IT server
Continue to attract and retain top talent in the industry	• recruit operation staff to support the growth of business

For the period from 1 October 2018 to 31 March 2019

Objectives	Plan/Activities
Continue organic growth by solidifying existing customer relationship and developing new relationship	• recruit experienced sales staff • enhance and strengthen marketing activities
Acquire a permanent office space for financial printing services for our business expansion	• sign sale and purchase agreement, pay purchase price • commence renovation • finish renovation and open the additional office for financial printing
Upgrade and acquire new equipment, hardware and software for financial printing services	• maintenance and support of our IT system
Continue to attract and retain top talent in the industry	• recruit operation staff to support the growth of business

For the period from 1 April 2019 to 30 September 2019

Objectives	Plan/Activities
Continue organic growth by solidifying existing customer relationship and developing new relationship	• recruit experienced sales staff • enhance and strengthen marketing activities
Acquire a permanent office space for financial printing services for our business expansion	• permanent office for financial printing in use
Upgrade and acquire new equipment, hardware and software for financial printing services	• maintenance and support of our IT system
Continue to attract and retain top talent in the industry	• recruit operation staff to support the growth of business

For the period from 1 October 2019 to 31 March 2020

Objectives	Plan/Activities
Continue organic growth by solidifying existing customer relationship and developing new relationship	• recruit experienced sales staff • enhance and strengthen marketing activities
Acquire a permanent office space for financial printing services for our business expansion	• permanent office for financial printing in use
Upgrade and acquire new equipment, hardware and software for financial printing services	• maintenance and support of our IT system
Continue to attract and retain top talent in the industry	• recruit operation staff to support the growth of business

BASES AND KEY ASSUMPTIONS OF THE BUSINESS PLANS

The business objectives set out by our Directors are based on the following bases and key assumptions:

(a) our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;

(b) there will be no material changes in existing laws and regulations, or other governmental policies relating to our Group, or in the political, economic or market conditions in which our Group operates;

(c) there will be no change in the funding requirement for each of the implementation plans described under the section headed "Future Plans and Use of Proceeds – Implementation Plans" in this prospectus from the amount estimated by our Directors;

(d) there will be no material changes in the bases or rates of taxation applicable to the activities of our Group;

(e) the Share Offer will be completed in accordance with and as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus;

(f) our Group will be able to retain its key staff in the management and the main operational departments;

(g) there will be no disasters, natural, political or otherwise, which would materially disrupt the business or operations of our Group;

(h) our Group will not be materially affected by any risk factors set out in the section headed "Risk Factors" in this prospectus; and

(i) our Group will be able to continue its operation in substantially the same manner as it has been operating during the Track Record Period and our Group will also be able to carry out its development plans without disruptions adversely affecting our operations or business objectives in any way.

REASONS FOR THE SHARE OFFER AND LISTING

Our Directors believe that the commercial rationales of the Share Offer and Listing are as follows:

Provide capital required to implement our business strategies

As discussed in the section headed "Business — Our Business Strategies" in this prospectus, we aim to strengthen our position and expand our business by a number of measures. In particular, for acquisition of a permanent office space for financial printing services, it is expected that a total sum of approximately HK$73.0 million and HK$84.0 million will be required for the purchase price of the permanent office space and related expenses such as commission to real estate agents, legal costs, stamp duties and renovation costs.

With reference to our bank balances and cash for the sum of approximately HK$14.0 million as at 28 February 2018, the internal financial resources of our Group (after deducting the amount to be used as working capital) is insufficient to finance such acquisition. In addition, we also aim to hire more experienced sales personnel, upgrade and acquire new hardware and software for financial printing services, upgrade our IT server, and continue to attract and retain top talent in the industry under our business strategies. Accordingly, our Group is in need of funds in order to implement our business strategies.

Further reasons for need of additional office space

During the seven months ended 31 October 2017, we had three IPO projects, with one of them being successfully completed during the said period, and the occupancy rate of the financial printing conference rooms (as calculated by the total number of rooms being occupied divided by the total number of rooms available in the Sheungwan office suitable for meetings for financial printing and IPO projects) on working days (all days excluding Saturday, Sunday or public holidays in Hong Kong) in our Group's Sheungwan office was approximately 42%. After the Track Record Period (i.e. 31 October 2017), one of the remaining IPO projects was lapsed, and we had secured four more IPO projects up to the Latest Practicable Date, making us having five IPO projects on hand as at the same date. Based on the information available as at the Latest Practicable Date, including the conference room booking requests for March and April 2018 received from our IPO customers and listed company customers, we expect that the occupancy rate of the conference rooms in our Sheung Wan office for the two months ending 30 April 2018 to be around 74%. Such occupancy rate is expected to be much higher compared to the period from 1 April 2017 to 31 October 2017, as one out of the five IPO projects on hand as at the Latest Practicable Date had made submission of the listing application in March 2018, and another one IPO project reserved for a printer session for a few weeks in April 2018 for the preparation of the submission of listing application. As at the Latest Practicable Date, out of the five IPO projects on hand, one of them had submitted the listing application, such listing applications had yet to be expired, and the four remaining projects have not yet submitted the listing application.

Even though the occupancy rate is not high during the seven months ended 31 October 2017, our Group would like to expand its financial printing services by engaging in more IPO projects. According to the F&S Report, the steady economic growth and increasing fund raising activities through IPO is a key driver to financial printing services industry. According to the "HKEX Fact Book" and "HKEX Monthly Market Highlights" released by the Stock Exchange, the number of newly listed companies has shown a general increase from 101 in 2011 to 174 in 2017, with a CAGR of approximately 9.5%. With the entry barriers to financial printing services industry, our Group as one of the existing market participants with track record in financial printing and IPO projects may be benefited from the expected market expansion. The current Sheungwan office serves customers from both financial and commercial printing services, and most of the works for IPO projects would be processed at the Sheungwan office. As at the Latest Practicable Date, there were only two conference rooms in the Sheungwan office which are suitable for meetings for financial printing and IPO projects. As such, it would be difficult for our Group to engage in more financial printing business, in particular, IPO projects with potential clash of the submission timetable. Given the growing market in the financial printing, and given that the limited number of conference rooms (i.e. two rooms) suitable for financial printing and IPO projects may hinder our ability to obtain new customers for financial printing services, our Group intends to expand its financial printing business by acquiring an additional office. Our Directors further believe that having more conference rooms available help attracting new customers for financial printing.

During the Track Record Period, we had a total of five IPO projects, three projects of which had been either completed or lapsed during the Track Record Period, and their range of life span throughout the Track Record Period was ranging from approximately 0.82 to 3.13 years (there was delay for the project with the longest life span), while the average life span was approximately 1.60 years. In order to substantiate the growth of our financial printing services, with aggregate revenue amounted to approximately HK$25.6 million for the year ended 31 March 2017, and with reference to the quotation, payment milestone date and average life span of the IPO projects we had secured during the Track Record Period and up to the Latest Practicable Date, our Directors are of the view that (i) five new IPO projects on top of the IPO projects on hand are required to be secured in order to reach the expected growth of revenue from IPO projects for the year ending 31 March 2019; and (ii) the number of customers for financial printing services, in particular for financial reporting documents and compliance documents, might be increased due to the recruitment of experienced sales staff and their marketing effort, as well as the conversion of some of the IPO customers into listed company customers for financial printing documents and compliance documents once these IPO customers are successfully listed. As at the Latest Practicable Date, our Group had a total number of five IPO projects in progress, which was already close to its maximum capacity for IPO projects. In light of the current physical limitation in the Sheungwan office and in line with the expansion plan of our Group, our Group intends to acquire a permanent office space with a gross floor area of approximately 2,000 sq. feet to 3,000 sq. feet, depending on the overall suitability, market climate and actual purchase cost. It is expected that the new office will provide more conference rooms which are suitable for financial printing and IPO projects. For such new office space to be acquired by our Group, assuming the gross floor area of a size of 2,500 sq. feet. and with reference to the floor area of our existing conference rooms for financial printing (which floor area is around 300 to 400 sq. feet), our Company expects that around four conference rooms which are suitable for conducting meetings for IPO projects will be available upon the operation of the new office, which will enable us to engage up to around 18 IPO and financial printing projects, based on the estimation that two conference rooms are sufficient to handle six IPO and financial printing projects.

We believe that the following factors would justify our use of proceeds on acquiring an office: —

(i) in additional to our existing IPO projects on hand, 5 new IPO projects are expected to be secured by 31 March 2019;

(ii) the timetable among different IPO projects may overlap;

(iii) we need to have extra office space and conference rooms for future business growth; and

(iv) the three new sales personnel to be recruited (which their basic salary (excluding commission) will be paid out of the proceeds from the Listing) will help secure new IPO projects. Please refer to the paragraph headed "Continue organic growth by solidifying existing customer relationship and developing new relationship" in the section headed "Business" for further details.

Average revenue per sq. feet before and after the acquisition of additional office space

The actual and expected average revenue per sq. feet during and subsequent to the Track Record Period is as follows:

	Year ended 31 March		Seven months ended 31 October	Subsequent to Track Record Period and up to 31 March	Year ended 31 March	Year ending 31 March
	2016	2017	2017	2018 Note 1	2018 Note 1	2019 Note 1
Revenue per sq. feet for financial printing services Note 3/Note 4	3,331	3,424	2,189	1,029	3,218	3,701 Note 2
Revenue per sq. feet for commercial printing services and financial printing services Note 3/Note 4	5,603	5,614	3,838	1,458	5,296	6,141 Note 2

Notes:

(1) Figures are calculated based on the latest information available/best estimation of the Directors;

(2) Assuming the new office of approximately 2,500 sq. feet would be available for financial printing business from 1 December 2018;

(3) The denominator from 1 April 2015 to 30 November 2018 is the existing gross rental area of our Sheungwan office, which serves both commercial printing business and financial printing business. The denominator from 1 December 2018 to 31 March 2019 is the existing gross rental area of our Sheungwan office and the size of our new office expected to be available from 1 December 2018; and

(4) Our Sheungwan office provides facilities and services for both commercial printing and financial printing services and generates income from both commercial printing services and financial printing services. For illustrative purposes, we use the existing gross rental areas in Sheungwan office to calculate the revenue per sq. feet for financial printing services carried out at Sheungwan office and revenue per sq. feet for both commercial printing services and financial printing services carried out at Sheungwan office.

There is a need for equity financing

As discussed above, the internal financial resources of our Group (after deducting the amount to be used as working capital) is insufficient to finance our business strategies. Our Directors believe that by using internal cash to carry out the expansion plan instead of external funding, we might be exposed to a higher liquidity risk given the reduced amount of available cash on hand and face additional operating difficulties in particular, we might not be able to retain our employees or maintain surplus funds for unforeseen operating needs if the originally planned funds for the aforementioned purposes were being used for other areas of the expansion plan instead. We had unutilised bank facility of approximately HK$4.7 million as at 28 February 2018, and we had tried to explore the possibilities of debt financing, and in the course of negotiation with bank for such facilities. As a result, there may still be a shortfall of the capital to implement the above business strategies after taking into account the unutilised bank facilities, hence it is in the interest of our Group to conduct equity financing through the Share Offer.

Enhance our Group's corporate profile, credibility and brand awareness

Our Directors are of the view that it will be an advantage for a listed company (as compared with a private company) to enhance its corporate profile, credibility and brand awareness, given that a listed company has greater transparency, relevant regulatory supervision and stability generally in the process of business negotiation and conducting marketing activities to our customers. The Listing will therefore serve to promote our corporate profile, credibility and brand awareness.

As discussed in the F&S Report, green printing is one of the trends in the market and environmental issue has nowadays become a popular topic. It is expected that listed companies with a higher level of transparency and subject to regular public reporting requirements will provide a higher level of confidence as to environmental compliance to the public as compared with private companies.

Ease of raising funds in capital market for future business development

Whilst our Group was able to expand our business using internally generated funds and bank borrowings during the Track Record Period and had been able to repay bank loans when they fell due in the past, our Group still plans to seek equity financing instead of continuing to use the historical capital structure to fund our future growth as the latter will place undue financial burden on our Group in terms of cash flow if we are to apply all our internal capital resources or bank loans for growth purpose. Our Directors anticipated that additional bank borrowings to our Group would be needed for our expansion. The Listing, which allows us to access the capital market for fund raising, will assist our future business development and strengthen our competitiveness. In the future, the Listing will allow us to have access to the capital market with the opportunity to seek secondary fund raising where necessary, through the issuance of equity and/or debt securities.

By strengthening our financial position through fund raising, we will also have more bargaining power when negotiating terms with our suppliers for production materials, and with other business partners, if any. Our Group will be able to maintain a lower level of gearing ratio as compared to the gearing ratio of approximately 21.6% as at 31 October 2017.

Enhance our ability to recruit, motivate and retain our employees

Our Directors further believe that as a listed company, we will be able to retain our staff more effectively, from both operation and remuneration perspective. Our staff will feel more stable and secured about their employment with us, rather than joining a private company, hence strengthening their morale at work. An integrated workforce will improve the quality of our services and efficiency of our day-to-day operations, which will benefit our long term development and competitiveness.

In addition, the Listing will enable our Group to offer an equity-based incentive programme (such as options that may be granted under the Share Option Scheme) to our employees that correlates more directly to their performance in our Group's business. Our Group would therefore be in a better position to motivate our employees with incentive programmes that are closely aligned with the objective of creating value for our Shareholders.

Diversify shareholder base and provide more liquidity in trading of Shares

Our Directors believe that the Listing will enhance the liquidity of our Shares which will be freely traded in the Stock Exchange when compared to the limited liquidity of shares that are privately held before the Listing. Hence, our Directors consider that the Listing will enlarge and diversify our shareholder base and potentially lead to a more liquid market in the trading of our Shares.

PUBLIC OFFER UNDERWRITERS

Joint Bookrunners and Joint Lead Managers

VBG Capital Limited
Quasar Securities Co., Limited

Public Offer Underwriters

VBG Capital Limited
Quasar Securities Co., Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company is initially offering for subscription by the public in Hong Kong of the 11,000,000 Public Offer Shares at the Offer Price under the Public Offer, on and subject to the terms and conditions set forth in this prospectus and the Application Forms. The Public Offer Underwriters have agreed, severally, but not jointly, on and subject to the terms and conditions in the Public Offer Underwriting Agreement, to procure subscribers for, or failing which they shall subscribe for, the Public Offer Shares.

The Public Offer Underwriting Agreement is subject to various conditions, which include, without limitation:

(a) the Listing Division granting listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus; and

(b) the Placing Underwriting Agreement having been executed, becoming unconditional and not having been terminated.

Grounds for termination

The respective obligations of the Public Offer Underwriters to subscribe for, or procure subscribers for, the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination. The Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) may in their absolute discretion terminate the Public Offer Underwriting Agreement with immediate effect by written notice to our Company at any time at or before 8:00 a.m. (Hong Kong time) on the Listing Date if:

(i) there shall develop, occur, exist or come into effect:

  (a) any change or prospective change (whether or not permanent) in the business or in the business or in the financial or trading position of our Group; or

(b) any change or development involving a prospective change or development, or any event or series of event resulting or representing or likely to result in any change or development involving a prospective change or deterioration (whether or not permanent) in local, national, regional or international financial, political, military, industrial, economic, legal framework, regulatory, fiscal, currency, credit or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets) in or affecting any of Hong Kong, BVI, Cayman Islands or any other jurisdictions where any member of our Group is incorporated or operates (collectively, the "**Relevant Jurisdictions**"); or

(c) any deterioration of any pre-existing local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions in or affecting any of the Relevant Jurisdictions; or

(d) any new laws or any change or development involving a prospective change in existing laws or any change or development involving a prospective change in the interpretation or application thereof by any court or governmental authority in or affecting any of the Relevant Jurisdictions; or

(e) a change or development or event involving a prospective change in taxation or exchange control (or in the implementation of any exchange control) or foreign investment regulations in or affecting any of the Relevant Jurisdictions adversely affecting an investment in shares; or

(f) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting any of the Relevant Jurisdictions; or

(g) any event, act or omission which gives rise or is likely to give rise to any liability of any of our Company, Controlling Shareholders and Executive Directors under the Public Offer Underwriting Agreement pursuant to the indemnities contained therein; or

(h) (i) any suspension or restriction on dealings in shares or securities generally on the Stock Exchange or (ii) any moratorium on commercial banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions; or

(i) the imposition of economic or other sanctions, in whatever form, directly or indirectly, in or affecting any of the Relevant Jurisdictions; or

(j) any event, or series of events, in the nature of force majeure (including without limitation, any acts of God, acts of government, declaration of a national or international emergency or war, acts or threat of war, calamity, crisis, economic sanction, riot, public disorder, civil commotion, fire, flooding, explosion, epidemic (including but not limited to the severe acute respiratory syndrome or avian flu), pandemic, outbreak of disease, terrorism, strike or lockout) in or affecting any of the Relevant Jurisdictions; or

(k) any change or development involving a prospective change, or a materialisation of any of the risks set out in the section headed "Risk factors" in this prospectus; or

(l) any change in the system under which the value of the Hong Kong dollar is linked to that of the U.S. dollar or a material devaluation of Hong Kong dollar against any foreign currency; or

(m) any demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

(n) save as disclosed in this prospectus, a contravention by any member of our Group of the GEM Listing Rules or applicable laws; or

(o) a prohibition on our Company for whatever reason from allotting the Shares pursuant to the terms of the Share Offer; or

(p) non-compliance of any of this prospectus or any aspect of the Share Offer with the GEM Listing Rules or any other applicable laws; or

(q) an order or a petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group making any composition or arrangement with its creditors or entering into a scheme of arrangement or any resolution being passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager being appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto in respect of any member of our Group; or

(r) any loss or damage sustained by any member of our Group; or

(s) save as disclosed in this prospectus, any litigation or claim of material importance of any third party being threatened or instigated against any member of our Group; or

(t) a Director being charged with an indictable offence or prohibited by the operation of law or is otherwise disqualified from taking part in the management of a company; or

(u) the chairman or president of our Company vacating his office; or

(v) the commencement by any governmental, regulatory or judicial body or organisation of any action against a Director or an announcement by any governmental, regulatory or judicial body or organisation that it intends to take any such action; or

(w) any matter or event resulting in a breach of any of the warranties, representations or undertakings contained in the Public Offer Underwriting Agreement or there has been a material breach of any other provisions thereof;

(x) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) pursuant to the Companies Ordinance or the GEM Listing Rules or any requirement of request of the Stock Exchange and/or the SFC,

which in the sole and absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters):

(a) is or will or may individually or in the aggregate have a material adverse effect on the business, financial, trading or other condition or prospects of our Group taken as a whole; or

(b) has or will or may have a material adverse effect on the success of the Share Offer or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares; or

(c) is or will or may make it impracticable, inadvisable, inexpedient or not commercially viable (i) for any material part of the Public Offer Underwriting Agreement, Placing Underwriting Agreement and/or the Share Offer to be performed or implemented in accordance with its terms or (ii) to proceed with or to market the Share Offer on the terms and in the manner contemplated in this prospectus; or

(ii) the Joint Lead Managers or any of the Public Offer Underwriters shall become aware of the fact that, or have cause to believe that:

(a) any of the warranties given by our Company, Controlling Shareholders and Executive Directors under the Public Offer Underwriting Agreement or pursuant to the Placing Underwriting Agreement is untrue, inaccurate, misleading or breached in any material respect when given or as repeated as determined by the Joint Lead Managers (in their sole and absolute discretion), or has been declared or determined by any court or governmental authorities to be illegal, invalid or unenforceable in any material respect; or

(b) any statement contained in this prospectus, the Application Forms, the formal notice or any announcement or advertisement issued by or on behalf of the Company in connection with the Public Offer (including any supplemental or amendment thereto) was or is untrue, incorrect or misleading in any material respect, or any matter arises or is discovered which would, if such document was to be issued at that time, constitute a material omission therefrom, or that any forecasts, expressions of opinion, intention or expectation expressed in such document are not, in all material aspects, fair and honest and based on reasonable assumptions, when taken as a whole; or

(c) there has been a material breach on the part of any of our Company, Controlling Shareholders and Executive Directors of any of the provisions of the Public Offer Underwriting Agreement or the Placing Underwriting Agreement;

(d) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus and not having been discovered in this prospectus, constitute a material omission therefrom; or

(e) any material adverse change or development involving a prospective change in the assets, liabilities, conditions, business affairs, prospects, profits, losses or financial or trading position or performance of any member of our Group; or

(f) approval by the Listing Division of the listing of, and permission to deal in, the Offer Shares to be issued or sold under the Share Offer is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(g) we withdraw this prospectus (and/or any other documents issued or used in connection with the Share Offer) or the Share Offer.

UNDERTAKINGS

Undertaking by our Company

Our Company has undertaken to the Sole Sponsor, Joint Bookrunners and Joint Lead Managers and the Public Offer Underwriters, and each of our Controlling Shareholders and Executive Directors has undertaken to and covenants with the Sole Sponsor, the Joint Bookrunners and Joint Lead Managers and the Public Offer Underwriters that he/it will procure our Company that:

(a) except pursuant to the Share Offer, the Capitalisation Issue, the exercise of the subscription rights attaching to any share options to be granted under the Share Option Scheme or under the circumstances provided under Rules 17.29(1) to 17.29(4) of the GEM Listing Rules, not without the prior written consent of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters), and subject always to the provisions of the GEM Listing Rules, offer, allot, issue or sell, or agree to allot, issue or sell, grant or agree to grant any option, right or warrant over, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by our Company or any of its affiliates (as defined in the Public Offer Underwriting Agreement)), either directly or indirectly, conditionally or unconditionally, any Shares or any securities convertible into or exchangeable for such Shares or any voting right or any other right attaching thereto or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares or such securities or any voting right or any other right attaching thereto, whether any of the foregoing transactions is to be settled by delivery of Shares or such securities, in cash or otherwise or announce any intention to effect any such transaction during the period commencing from the date of the Public Offer Underwriting Agreement up to and including the date falling six months after the Listing Date (the "**First Six-month Period**");

(b) not at any time during the First Six-month Period, issue or create any mortgage, pledge, charge or other security interest or any rights in favour of any other person over, directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any Shares or securities of our Company) or repurchase any Shares or securities of our Company or grant any options, warrants or other rights to subscribe for any Shares or other securities of our Company or agree to do any of the foregoing, except pursuant to the Share Offer, the Capitalisation Issue or the exercise of the subscription rights attaching to any share options to be granted under the Share Option Scheme or under the circumstances provided under Rules 17.29(1) to 17.29(4) of the GEM Listing Rules or under Note (2) to Rule 10.07 of the GEM Listing Rules;

(c) not at any time within the period of six months immediately following the expiry of the First Six-month Period (the "**Second Six-month Period**") do any of the acts set out in (a) and (b) above such that any of our Controlling Shareholders, directly or indirectly, would cease to be a controlling shareholder of our Company (within the meaning defined in the GEM Listing Rules); and

(d) in the event that our Company does any of the acts set out in clause (a) or (b) after the expiry of the First Six-month Period or the Second Six-month Period, as the case may be, take all steps to ensure that any such act, if done, shall not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

Provided that none of the above undertakings shall (a) restrict our Company's ability to sell, pledge, mortgage or charge any share capital or other securities of or any other interest in any of the subsidiaries provided that such sale or any enforcement of such pledge, mortgage or charge will not result in such Subsidiaries ceasing to be a subsidiary of our Company; or (b) restrict any of the subsidiaries from issuing any share capital or other securities thereof or any other interests therein provided that any such issue will not result in that Subsidiary ceasing to be a subsidiary of our Company.

Undertakings by our Controlling Shareholders

(a) Pursuant to Rule 13.16A of the GEM Listing Rules, each of our Controlling Shareholders jointly and severally agrees and undertakes to our Company, the Sole Sponsor, the Joint Bookrunners and Joint Lead Managers and the Public Offer Underwriters and the Stock Exchange that, except with the prior written consent of the Sole Sponsor and the Joint Lead Managers (for themselves and on behalf of the Underwriters) and Stock Exchange and unless in compliance with the requirements of the GEM Listing Rules, none of the Controlling Shareholders will, and they will procure the relevant registered holder(s) and their respective associates and companies controlled by them and any nominee or trustee holding in trust for them shall not:

    (i) in the period commencing on the date by reference to which disclosure of the shareholding of our Controlling Shareholders are made in this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-month Period**"), among others, sell, dispose of, nor enter into any agreement to dispose of or otherwise create any Encumbrances (as defined below) in respect of, any of the Shares in respect of which he/it is shown in this prospectus to be the beneficial owner(s); and

(ii) in the period of six months commencing on the date immediately following the date on which the First Six-month Period expires, dispose of, nor enter into any agreement to dispose of or otherwise create any mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, retention arrangement) having similar effect ("**Encumbrances**") in respect of any of the Shares if, immediately following such disposal or upon the exercise or enforcement of such Encumbrances, he/it would cease to be a Controlling Shareholder.

(b) Each of our Controlling Shareholders jointly and severally undertakes to and covenants with our Company, the Sole Sponsor, the Joint Lead Managers (for themselves and on behalf of the Underwriters) and the Stock Exchange that during the 12 months period from the Listing Date:

(i) in the event that he/it pledges or charges any of his/her/its direct or indirect interest in the Shares under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, he/it must immediately inform our Company, the Sole Sponsor and the Joint Lead Managers (for themselves and on behalf of the Underwriters) in writing of such pledges or charges immediately thereafter, disclosing the details as specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and

(ii) having pledged or charged any of his/her/its interests in the Shares under paragraph (i) above, when our Controlling Shareholders receive indications, either verbal or written, from any pledgee or charged that any of the pledgee or chargee securities or, interests in the securities of our Company will be sold, transferred or disposed of, he/it must immediately inform our Company and the Joint Lead Managers in writing of such indications.

Undertaking by our Company

Our Company undertakes to and covenants with each of the Sole Sponsor, the Joint Bookrunners and Joint Lead Managers (for themselves and on behalf of the Underwriters) and the Stock Exchange, and each of our Controlling Shareholders and the executive Directors jointly and severally undertakes to each of the Sole Sponsor and the Joint Lead Managers (for themselves and on behalf of the Underwriters) to procure our Company that, save with the prior written consent of the Sole Sponsor and the Joint Lead Managers (for themselves and on behalf of the Underwriters), or save pursuant to the Share Offer or as permitted under the GEM Listing Rules (including but not limited to Rule 17.29 of the GEM Listing Rules) and the applicable laws or pursuant to the issue of Shares under the Share Option Scheme, our Company shall not, within the period of six months from the Listing Date: (i) allot or issue or agree to allot or issue any Shares or any other securities in our Company (including warrants or other convertible securities (and whether or not of a class already listed)); or (ii) grant or agree to grant any options, warrants or other rights carrying any rights to subscribe for or otherwise convert into, or exchange for any Shares or any other securities of our Company; or (iii) purchase any securities of our Company; or (iv) offer to or agree to do any of the foregoing or announce any intention to do so.

Placing

Placing Underwriting Agreement

In connection with the Placing, it is expected that our Company, our Controlling Shareholders and Executive Directors will enter into the Placing Underwriting Agreement with the Sole Sponsor, the Joint Bookrunners and Joint Lead Managers, the Placing Underwriters and other parties (if any) on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below.

Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriters are expected to severally, but not jointly, agree to procure subscribers and purchasers to subscribe for or purchase, or failing which they shall subscribe for or purchase, the Placing Shares initially being offered pursuant to the Placing. It is expected that the Placing Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, our Company and Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the section headed ''Undertakings to the Public Offer Underwriters'' above in this section.

Commission, fees and expenses

The Public Offer Underwriters will receive a gross underwriting commission of 5% of the aggregate Offer Price of the Public Offer Shares initially offered under the Public Offer, out of which any sub-underwriting commission, praecipium and selling concession will be paid. For unsubscribed Public Offer Shares reallocated to the Placing and any Placing Shares reallocated from the Placing to the Public Offer, we will pay an underwriting commission at the rate applicable to the Placing and such commission will be paid to the Placing Underwriters and not the Public Offer Underwriters.

Based on the Offer Price of HK$0.60 per Offer Share, the aggregate commission, together with Stock Exchange listing fees, SFC transaction levy, Stock Exchange trading fees, legal and other professional fees and printing and other expenses relating to the Share Offer, are estimated to amount to approximately HK$25.0 million in total, and are payable by our Company under the Share Offer respectively.

SOLE SPONSOR'S AND UNDERWRITERS' INTEREST IN OUR COMPANY

The Sole Sponsor will receive a sponsorship fee to the Share Offer. The Underwriters will receive an underwriting commission and/or praecipium. Particulars of these underwriting commission and expenses are set forth under the "Commission, fees and expenses" above.

Save as disclosed above, none of the Sole Sponsor and the Underwriters is interested legally or beneficially in any Shares or other securities of our Company or any members of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase any Shares or other securities of our Company or any members of our Group or has any interest in the Share Offer.

Following the completion of the Share Offer, the Public Offer Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Public Offer Underwriting Agreement and/or the Placing Underwriting Agreement.

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 6A.07 of the GEM Listing Rules.

MINIMUM PUBLIC FLOAT

Our Directors and the Joint Bookrunners and Joint Lead Managers will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 11.23(7) of the GEM Listing Rules after completion of the Share Offer.

THE SHARE OFFER

This prospectus is published in connection with the Public Offer as part of the Share Offer. The Share Offer consists of:

a. the Public Offer of 11,000,000 new Shares (subject to reallocation as mentioned below) in Hong Kong as described below under the section headed "The Public Offer" below; and

b. the Placing of an aggregate of 99,000,000 new Shares (subject to reallocation) which will conditionally be placed with selected professional, institutional, and other investors under the Placing.

Investors may apply for the Offer Shares under the Public Offer or indicate an interest, if qualified to do so, for the Placing Shares under the Placing, but may not do both.

The number of Offer Shares to be offered under the Public Offer and the Placing may be subject to reallocation as described in the section headed "The Public Offer — Reallocation" below.

References in this prospectus to applications, the Application Forms, application monies or the procedure for application relate solely to the Public Offer.

THE PUBLIC OFFER

Number of Offer Shares initially offered

Our Company is initially offering 11,000,000 Public Offer Shares for subscription (subject to reallocation) at the Offer Price by members of the public in Hong Kong under the Public Offer, representing 10% of the total number of Offer Shares initially available under the Share Offer. The Public Offer Shares initially offered under the Public Offer, subject to any reallocation of Offer Shares between the Placing and the Public Offer, will represent 2.5% of our Company's enlarged issued share capital after completion of the Capitalisation Issue and Share Offer.

The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Public Offer is subject to the conditions as set out in the section headed "Conditions of the Share Offer" of this section.

Allocation

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Multiple or suspected multiple applications under the Public Offer and any application for more than 11,000,000 Public Offer Shares, being the 100% of the 11,000,000 Public Offer shares initially available under the Public Offer are liable to be rejected.

Reallocation

The allocation of Offer Shares between the Public Offer and the Placing is subject to reallocation. A clawback mechanism will be put in place, which would have the effect of increasing the number of Public Offer Shares under the Public Offer to a certain percentage of the total number of Offer Shares offered in the Share Offer if certain prescribed total demand levels are reached. In the event of over-applications in the Public Offer, the Joint Lead Managers (for themselves and on behalf of the Underwriters) shall apply a clawback mechanism following the closing of the application lists on the following basis:

(a) if the number of Public Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing, so that the total number of Offer Shares available for subscription under the Public Offer will be 33,000,000 Offer Shares, representing 30% of the number of the Offer Shares initially available for subscription under the Share Offer;

(b) if the number of Public Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing, so that the total number of Offer Shares available for subscription under the Public Offer will be 44,000,000 Offer Shares, representing 40% of the number of the Offer Shares initially available for subscription under the Share Offer;

(c) if the number of Public Offer Shares validly applied for under the Public Offer represents 100 times or more the number of Offer Shares initially available for subscription under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing, so that the total number of Offer Shares available for subscription under the Public Offer will be 55,000,000 Offer Shares, representing 50% of the number of the Offer Shares initially available for subscription under the Share Offer;

In addition, the Joint Lead Managers (for themselves and on behalf of the Underwriters) may in their sole and absolute discretion to reallocate the Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer in accordance with Guidance Letter HKEx-GL91-18 issued by the Stock Exchange. In accordance with Guidance Letter HKEx-GL91-18, if such reallocation is done other than pursuant to Practice Note 6 of the Listing Rules, the maximum total number of Offer Shares that may be reallocated to the Public Offer following such reallocation shall be not more than double the initial allocation to the Public Offer (i.e. 22,000,000 Public Offer Shares).

In each case, the number of Offer Shares allocated to the Placing will be correspondingly reduced, in such manner as the Joint Lead Managers (for themselves and on behalf of the Underwriters) deem appropriate.

If the Public Offer Shares are not fully subscribed, the Joint Lead Managers (for themselves and on behalf of the Underwriters) will have the discretion (but shall not be under any obligation) to reallocate all or any unsubscribed Public Offer Shares to the Placing in such amount as the Joint Lead Managers (for themselves and on behalf of the Underwriters) deem appropriate. If the Placing Shares are not fully subscribed or purchased, the Joint Lead Managers (for themselves and on behalf of the Underwriters) will have the discretion (but shall not be under any obligation) to reallocate all or any unsubscribed or un-purchased Placing Shares to the Public Offer in such amount as the Joint Lead Managers (for themselves and on behalf of the Underwriters) deem appropriate.

Applications

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the application submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or if he or she has been or will be placed or allocated Placing Shares under the Placing.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Public Offer are required to pay, on application, the Offer Price of HK$0.60 per Offer Share in addition to any brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK$2,424.18 for one board lot of 4,000 Shares. Further details are set out below in "How to apply for the Public Offer Shares".

THE PLACING

Number of Offer Shares offered

Subject to reallocation as described above, the Placing will consist of 99,000,000 Shares, representing approximately 90% of the total number of Offer Shares initially available under the Share Offer. Subject to the reallocation of the Offer Shares between the Placing and the Public Offer, the number of Offer Shares initially offered under the Placing will represent approximately 22.5% of our Company's enlarged issued share capital immediately after completion of the Capitalisation Issue and Share Offer.

Allocation

Pursuant to the Placing, the Placing Shares will be conditionally placed on behalf of our Company by the Placing Underwriters or through selling agents appointed by them. The Placing Shares will be selectively placed to certain professional and institutional and other investors who generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. The Placing is subject to the Public Offer being unconditional.

Allocation of Offer Shares pursuant to the Placing will be effected in accordance with the "book-building" process described in the section headed "Pricing and allocation" in this section and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit, of our Company and our Shareholders as a whole.

The Joint Lead Managers (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the Placing, and who has made an application under the Public Offer to provide sufficient information to the Joint Bookrunners and the Joint Lead Managers so as to allow it to identify the relevant applications under the Public Offer and to ensure that they are excluded from any application of Offer Shares under the Public Offer.

Reallocation

The total number of Offer Shares to be issued pursuant to the Placing may change as a result of the clawback arrangement described in the subsection headed "The Public Offer – Reallocation" above, and/or any reallocation of unsubscribed Offer Shares originally included in the Public Offer.

PRICE PAYABLE ON APPLICATION

The Offer Price is HK$0.60 per Offer Share. Applicants for Offer Shares under the Public Offer are required to pay, on application, the Offer Price of HK$0.60 for each Public Offer Share (plus the brokerage, Stock Exchange trading fee and SFC transaction levy payable on each Offer Share), amounting to a total of HK$2,424.18 per board lot of 4,000 Offer Shares.

Further details are set out in the section headed "How to apply for the Public Offer Shares" in this prospectus.

Announcement of the basis of allocations

Announcement of the level of indication of interests in the Placing, and the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares are expected to be published on Thursday, 10 May 2018 on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.elegance.hk** website.

UNDERWRITING

The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement. We expect to enter into the Placing Underwriting Agreement relating to the Placing on or around Friday, 4 May 2018. These underwriting arrangements and the Underwriting Agreements are summarised in the section headed "Underwriting" of this prospectus.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares is conditional upon, amongst other things, the satisfaction of all the following conditions, in each case on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 30 days after the date of this prospectus:

1. Listing

The Listing Division granting the approval of the listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the Share Offer (including the Shares which fall to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme) and such listing and permission not subsequently being revoked prior to the commencement of dealings in the Shares on the Stock Exchange.

2. Placing Underwriting Agreement

The execution and delivery of the Placing Underwriting Agreement on or about Friday, 4 May 2018.

3. Obligations under Underwriting Agreements

The obligations of the Underwriters under each of the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of a waiver of any condition(s)) and such obligations not being terminated in accordance with the terms of the Underwriting Agreements.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming and remaining unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will be published by us on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.elegance.hk** on the next Business Day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in "How to apply for the Public Offer Shares." In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended from time to time).

Share certificates for the Offer Shares are expected to be issued on Thursday, 10 May 2018 but will only become valid certificates of title at 8:00 a.m. on Friday, 11 May 2018 provided that (i) the Share Offer has become unconditional in all respects, and (ii) the right of termination as described in the section headed ''Underwriting — Underwriting arrangements and expenses — Public Offer — Grounds for termination'' in this prospectus has not been exercised.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made for the Shares to be admitted into CCASS.

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 11 May 2018, it is expected that dealings in Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 11 May 2018.

The Shares will be traded in board lots of 4,000 Shares each. The stock code of the Shares is 8391.

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form; or
- apply online via the **HK eIPO White Form** service at **www.hkeipo.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation chop.

If an application is made by a person under a power of attorney, our Company, the Sole Sponsor, the Joint Bookrunners and Joint Lead Managers may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Public Offer Shares.

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you:

- are an existing beneficial owner of Shares in our Company and/or any of its subsidiaries;
- are a Director or chief executive officer of our Company and/or any of its subsidiaries;
- are a core connected person (as defined in the GEM Listing Rules) of our Company or will become a core connected person of our Company immediately upon completion of the Share Offer;
- are a close associate (as defined in the GEM Listing Rules) of any of the above; and
- have been allocated or have applied for any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which application channel to use

For Public Offer Shares to be issued in your own name, either (i) use a **WHITE** Application Form; or (ii) apply online through the designated website of the **HK eIPO White Form** Service Provider at **www.hkeipo.hk** under the **HK eIPO White Form** service.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, either (i) complete and sign the **YELLOW** Application Form; or (ii) give **electronic application instructions** to HKSCC via CCASS.

Where to collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, 30 April 2018 to 12:00 noon on Friday, 4 May 2018 from:

(i) the following office of the Public Offer Underwriters:

VBG Capital Limited
18th Floor, Prosperity Tower
39 Queen's Road Central
Hong Kong

Quasar Securities Co., Limited
Unit A, 12th Floor, Harbour Commercial Building
122-124 Connaught Road Central
Hong Kong

(ii) any of the following branches of DBS Bank (Hong Kong) Limited, the receiving bank for the Public Offer:

District	Branch Name	Address
Hong Kong Island	Head Office	G/F, The Center, 99 Queen's Road Central, Central
	North Point Branch	G/F, 391 King's Road, North Point
Kowloon	Nathan Road — SME Banking Centre	2/F, Wofoo Commercial Building, 574-576 Nathan Road, Mongkok
New Territories	Yuen Long Branch	G/F, 1-5 Tai Tong Road, Yuen Long

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, 30 April 2018 until 12:00 noon on Friday, 4 May 2018 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Ting Hong Nominees Limited — Elegance Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

- Monday, 30 April 2018 – 9:00 a.m. to 5:00 p.m.
- Wednesday, 2 May 2018 – 9:00 a.m. to 5:00 p.m.
- Thursday, 3 May 2018 – 9:00 a.m. to 5:00 p.m.
- Friday, 4 May 2018 – 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 4 May 2018, the last application day or such later time as described in "Effect of bad weather on the opening of the application lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

(i) undertake to execute all relevant documents and instruct and authorise our Company, the Sole Sponsor and/or the Joint Bookrunners, Joint Lead Managers and the Co-Lead Managers (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies Law, the Companies Ordinance, the Companies (Miscellaneous Provisions) Ordinance and the Memorandum and Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;

(vi) agree that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, and the Co-Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any of the Placing Shares nor participated in the Placing;

(viii) agree to disclose to our Company, our Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, and the Co-Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise our Company to place your name(s) or the name of HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to deposit any share certificate(s) into CCASS and/or to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company, the Directors, the Sole Sponsor, the Joint Bookrunners the Joint Lead Managers and the Co-Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in "Who can apply" section, may apply through the **HK eIPO White Form** service for the Public Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for submitting applications under the HK eIPO White Form

You may submit your application online to the **HK eIPO White Form** Service Provider through the designated website at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, 30 April 2018 until 11:30 a.m. on Friday, 4 May 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, 4 May 2018 or such later time under the "Effect of bad weather on the opening of the applications lists" in this section.

No multiple applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are **not a CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers and our Hong Kong Branch Share Registrar.

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Public Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

- confirm that you understand that our Company, the Directors, the Joint Bookrunners, the Joint Lead Managers and the Co-Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of our Company, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers, the Underwriters and/or its respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Law, the Companies Ordinance, the Companies (Miscellaneous Provisions) Ordinance and the Memorandum and Articles of Association of our Company; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum purchase amount and permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 4,000 Public Offer Shares. Instructions for more than 4,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for inputting electronic application instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Monday, 30 April 2018 – 9:00 a.m. to 8:30 p.m.[1]
- Wednesday, 2 May 2018 – 8:00 a.m. to 8:30 p.m.[1]
- Thursday, 3 May 2018 – 8:00 a.m. to 8:30 p.m.[1]
- Friday, 4 May 2018 – 8:00 a.m.[1] to 12:00 noon

Note:

(l) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, 30 April 2018 until 12:00 noon on Friday, 4 May 2018 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, 4 May 2018, the last application day or such later time as described in "Effect of bad weather on the opening of the application lists" in this section.

No multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit.

Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Miscellaneous Provisions) Ordinance).

Personal data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving banker, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, the Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers, and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, 4 May 2018.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 4,000 Public Offer Shares. Each application or **electronic application instruction** in respect of more than 4,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 4 May 2018. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, 4 May 2018 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected timetable", an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Thursday, 10 May 2018 on our Company's website at **www.elegance.hk**; and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers (where appropriate) of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at **www.elegance.hk** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Thursday, 10 May 2018;

- from the designated results of allocations website at **www.tricor.com.hk/ipo/result**, with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Thursday, 10 May 2018 to 12:00 midnight on Wednesday, 16 May 2018;

- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 10 May 2018 to Tuesday, 15 May 2018 on a Business Day;

- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 10 May 2018 to Monday, 14 May 2018 at all the receiving banks designated branches and sub-branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed "Structure and Condition of the Share Offer" of this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

The Company, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Division of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Division notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Bookrunners, the Joint Lead Managers and the Co-Lead Managers believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or

- your application is for more than 100% of the Public Offer Shares initially offered under the Public Offer.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the conditions of the Public Offer are not fulfilled in accordance with the section headed "Structure and Conditions of the Share Offer — Conditions of the Share Offer" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Thursday, 10 May 2018.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Public Offer Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for.

  Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Thursday, 10 May 2018. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, 11 May 2018 provided that the Share Offer has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 10 May 2018 or such other date as notified by us.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Thursday, 10 May 2018, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Thursday, 10 May 2018, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, 10 May 2018, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)*

  For Public Offer Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS Participant.

- *If you are applying as a CCASS Investor Participant*

  The Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "Publication of results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 10 May 2018, or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 10 May 2018, or such other date as notified by our Company as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Thursday, 10 May 2018, by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via electronic application instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of share certificates into CCASS and refund of application monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, 10 May 2018, or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in "Publication of results" above on Thursday, 10 May 2018. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 10 May 2018, or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, 10 May 2018. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 10 May 2018.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of incorporation of this prospectus, received from the reporting accountants of the Company, Mazars CPA Limited, Certified Public Accountants, Hong Kong.

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INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF ELEGANCE COMMERCIAL AND FINANCIAL PRINTING GROUP LIMITED (FORMERLY KNOWN AS "ELEGANCE GROUP LIMITED")

The Directors
Elegance Commercial and Financial Printing Group Limited
VBG Capital Limited

Introduction

We report on the historical financial information of Elegance Commercial and Financial Printing Group Limited (formerly known as "Elegance Group Limited") (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages I-4 to I-41, which comprises the combined statements of financial position as at 31 March 2016 and 2017 and 31 October 2017, the statements of financial position as at 31 March 2017 and 31 October 2017 and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for the years ended 31 March 2016 and 2017 and the seven months ended 31 October 2017 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-41 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 30 April 2018 (the "Prospectus") in connection with the initial listing of shares of the Company on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Report on the Historical Financial Information

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depended on our judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Company's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at 31 March 2016 and 2017 and 31 October 2017, the financial position of the Company as at 31 March 2017 and 31 October 2017, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the combined statement of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the seven months ended 31 October 2016 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on other matters under the Rules Governing the Listing of Securities on GEM of the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 12 to the Historical Financial Information which contains information about the dividends paid or proposed by entities now comprising the Group in respect of the Track Record Period.

Preparation or audit of financial statements

No annual financial statements have been prepared for the Company since its date of incorporation.

Note 1 to the Historical Financial Information contains information about whether the financial statements of the members of the Group for the Track Record Period have been audited and, if applicable, the name of the auditors.

No audited financial statements have been prepared in accordance with HKFRSs or other applicable financial reporting standards for the Company or any of its subsidiaries in respect of any period subsequent to 31 October 2017 and up to the date of this report.

Mazars CPA Limited
Certified Public Accountants
Hong Kong

30 April 2018

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Hong Kong dollar ("HK$"), which is also the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Year ended 31 March 2016 HK$'000	Year ended 31 March 2017 HK$'000	Seven months ended 31 October 2016 HK$'000 (Unaudited)	Seven months ended 31 October 2017 HK$'000
Revenue	5	98,360	83,538	52,417	48,760
Cost of services		(74,179)	(61,735)	(39,244)	(33,296)
Gross profit		24,181	21,803	13,173	15,464
Other income	6	3,457	2,414	2,105	145
Selling expenses		(4,458)	(2,408)	(1,535)	(1,297)
Administrative and other operating expenses		(21,495)	(18,899)	(11,377)	(10,818)
Finance costs	7	(577)	(432)	(262)	(182)
Listing expenses		—	(499)	—	(7,997)
Profit (Loss) before taxation	7	1,108	1,979	2,104	(4,685)
Income tax credit (expenses)	10	674	18	(67)	(517)
Profit (Loss) and total comprehensive income (loss) for the year/period		1,782	1,997	2,037	(5,202)
Profit (Loss) and total comprehensive income (loss) for the year/period attributable to:					
Owners of the Company		1,816	1,900	1,921	(5,352)
Non-controlling interests		(34)	97	116	150
		1,782	1,997	2,037	(5,202)

COMBINED STATEMENTS OF FINANCIAL POSITION

	Note	At 31 March 2016 HK$'000	At 31 March 2017 HK$'000	At 31 October 2017 HK$'000
Non-current assets				
Property, plant and equipment	*13*	55,372	43,277	37,606
Deferred tax assets	*21*	62	70	71
		55,434	43,347	37,677
Current assets				
Inventories	*14*	1,911	1,938	1,839
Amounts due from customers for service contracts	*15*	—	440	380
Trade and other receivables	*16*	23,220	21,346	16,834
Amounts due from related companies	*20*	2,772	—	—
Tax recoverable		549	179	—
Bank balances and cash		51,286	32,394	24,941
		79,738	56,297	43,994
Current liabilities				
Amounts due to customers for service contracts	*15*	—	500	176
Trade and other payables	*17*	18,463	16,445	17,494
Bank borrowings	*18*	17,899	12,293	9,022
Obligations under finance leases	*19*	1,579	1,008	468
Amount due to the immediate holding company	*20*	—	—	300
Amounts due to related companies	*20*	1,418	—	—
Amount due to a director	*20*	168	168	—
Dividend payable		10,240	—	—
Tax payable		267	766	1,980
		50,034	31,180	29,440
Net current assets		29,704	25,117	14,554
Total assets less current liabilities		85,138	68,464	52,231
Non-current liabilities				
Obligations under finance leases	*19*	1,093	638	407
Deferred tax liabilities	*21*	8,650	6,781	5,906
		9,743	7,419	6,313
NET ASSETS		75,395	61,045	45,918
Capital and reserves				
Share capital	*22*	—*	—*	—*
Reserves		75,122	60,675	45,623
Equity attributable to owners of the Company		75,122	60,675	45,623
Non-controlling interests		273	370	295
TOTAL EQUITY		75,395	61,045	45,918

* *Represent amounts less than HK$1,000.*

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Note	At 31 March 2017 HK$'000	At 31 October 2017 HK$'000
Non-current assets			
Investments in subsidiaries	24(a)	— *	— *
Current assets			
Amounts due from subsidiaries	24(b)	—	200
Bank balances		—	311
		—	511
Current liabilities			
Amount due to the immediate holding company	24(b)	—	300
Amounts due to subsidiaries	24(b)	— *	7,508
		— *	7,808
Net current liabilities		— *	(7,297)
NET LIABILITIES		— *	(7,297)
Capital and reserves			
Share capital	22	— *	— *
Accumulated losses	24(c)	— *	(7,297)
TOTAL DEFICIENCY		— *	(7,297)

* *Represent amounts less than HK$1,000.*

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company					
		Reserves				
	Share capital *HK$'000* *(Note 22)*	Capital reserve *HK$'000* *(Note 23)*	Accumulated profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 April 2015	—	18,029	74,517	92,546	307	92,853
Profit (Loss) and total comprehensive income (loss) for the year	—	—	1,816	1,816	(34)	1,782
Transactions with owners						
Contributions and distributions						
Dividends *(Note 12)*	—	—	(19,240)	(19,240)	—	(19,240)
At 31 March 2016	—	18,029	57,093	75,122	273	75,395
At 1 April 2016	—	18,029	57,093	75,122	273	75,395
Profit and total comprehensive income for the year	—	—	1,900	1,900	97	1,997
Transactions with owners						
Contributions and distributions						
Dividends *(Note 12)*	—	—	(16,120)	(16,120)	—	(16,120)
Arising from the Reorganisation *(Note)*	—	(227)	—	(227)	—	(227)
Total transactions with owners for the year	—	(227)	(16,120)	(16,347)	—	(16,347)
At 31 March 2017	—	17,802	42,873	60,675	370	61,045

	Attributable to owners of the Company					
		Reserves				
	Share capital	**Capital reserve**	**Accumulated profits**	**Total**	**Non-controlling interests**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 22)	*(Note 23)*				
At 1 April 2017	—	17,802	42,873	60,675	370	61,045
(Loss)Profit and total comprehensive (loss) income for the period	—	—	(5,352)	(5,352)	150	(5,202)
Transactions with owners						
Contributions and distributions						
Dividends *(Note 12)*	—	—	(9,700)	(9,700)	(225)	(9,925)
At 31 October 2017	—	17,802	27,821	45,623	295	45,918
(Unaudited)						
At 1 April 2016	—	18,029	57,093	75,122	273	75,395
Profit and total comprehensive income for the period	—	—	1,921	1,921	116	2,037
At 31 October 2016	—	18,029	59,014	77,043	389	77,432

Note: As part of the Reorganisation, the Group paid approximately HK$227,000 for the 9% equity interest of Teamco Translation held by the Ultimate Controlling Party in November 2016.

COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 March		Seven months ended 31 October	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* *(Unaudited)*	*HK$'000*
OPERATING ACTIVITIES				
Profit (Loss) before taxation	1,108	1,979	2,104	(4,685)
Adjustments for:				
Depreciation	13,281	11,545	7,081	5,742
Interest income	(365)	(10)	(9)	—
Finance costs	577	432	262	182
Loss (Gain) on disposal of property, plant and equipment, net	55	(1,121)	(1,181)	—
Reversal of impairment loss on amounts due from related companies/a former related company	(2,650)	(808)	(808)	—
Operating cash inflows before movements in working capital	12,006	12,017	7,449	1,239
Changes in working capital:				
Inventories	1,057	(27)	538	99
Amounts due from customers for service contracts	—	(440)	—	60
Trade and other receivables	2,722	1,874	(3,938)	4,512
Amounts due to customers for service contracts	—	500	500	(324)
Trade and other payables	(208)	(2,034)	1,718	1,037
Cash generated from operations	15,577	11,890	6,267	6,623
Income tax refunded (paid)	384	(990)	—	—
Interest received	365	10	9	—
Net cash from operating activities	16,326	10,910	6,276	6,623
INVESTING ACTIVITIES				
Repayment from a related company	4,837	2,454	2,043	—
Purchase of property, plant and equipment	(109)	(238)	(215)	(71)
Proceeds from disposal of property, plant and equipment	—	2,530	2,530	—
Net cash from (used in) investing activities	4,728	4,746	4,358	(71)

	Year ended 31 March		Seven months ended 31 October	
	2016	2017	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
FINANCING ACTIVITIES				
New bank borrowings raised	14,412	—	—	—
Repayment of bank borrowings	(6,699)	(5,606)	(3,271)	(3,271)
Repayment of obligations under finance leases	(1,610)	(1,647)	(977)	(771)
Loan to Ultimate Controlling Party	(10,000)	—	—	—
Repayment from Ultimate Controlling Party	10,000	—	—	—
Advance from the immediate holding company	—	—	—	300
Repayment from a related company	—	318	318	—
Repayment to related companies	(4,724)	(610)	(337)	—
Repayment to a director	(865)	—	—	(168)
Interest paid	(556)	(416)	(244)	(170)
Equity transaction arising from the Reorganisation	—	(227)	—	—
Dividends paid	(11,740)	(26,360)	(10,240)	(9,925)
Net cash used in financing activities	(11,782)	(34,548)	(14,751)	(14,005)
Net increase (decrease) in cash and cash equivalents	9,272	(18,892)	(4,117)	(7,453)
Cash and cash equivalents at beginning of year/period	42,014	51,286	51,286	32,394
Cash and cash equivalents at end of year/period, represented by bank balances and cash	51,286	32,394	47,169	24,941

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION AND REORGANISATION

Elegance Commercial and Financial Printing Group Limited (formerly known as "Elegance Group Limited") (the "Company", together with its subsidiaries are hereinafter collectively referred to as the "Group") was incorporated in the Cayman Islands as an exempted company with limited liability on 24 January 2017 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands. The principal place of business is situated at 2402, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of printing, typesetting and translation services in Hong Kong.

At the date of this report, the immediate holding company of the Company is Glorytwin Limited, which is incorporated in the British Virgin Islands (the "BVI"). In the opinion of the directors of the Company, the ultimate controlling party is Mr. So Wing Keung (the "Ultimate Controlling Party").

Pursuant to a group reorganisation (the "Reorganisation"), which was completed on 30 April 2017, as detailed in the paragraph headed "Reorganisation" of the section headed "History, Reorganisation and Corporate Structure" of the prospectus of the Company dated 30 April 2018 (the "Prospectus") issued in connection with the initial listing of shares of the Company on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the entities now comprising the Group.

At the end of each of the reporting periods and the date of this report, the particulars of the Company's subsidiaries, which are private limited liability companies, are as follows:

Name of subsidiary	Place of incorporation/ operation	Date of incorporation	Issued and paid-up share capital	Equity interest attributable to the Company				Principal activities
				As at 31 March 2016	As at 31 March 2017	As at 31 October 2017	As at the date of this report	
				%	%	%	%	
Directly held								
Elegance Printing Holding Limited ("Elegance Printing Holding BVI") *(Note (i))*	The BVI	8 February 2017	United States dollar ("US$") 50,000	N/A	100	100	100	Investment holding
Elegance Printing Services Holding Limited ("Elegance Printing Services Holding BVI") *(Note (i))*	The BVI	14 February 2017	US$50,000	N/A	100	100	100	Investment holding
Indirectly held								
Elegance Printing Company Limited ("Elegance Printing HK") *(Note (ii))*	Hong Kong	15 April 1992	HK$17,893,428	100	100	100	100	Provision of printing services
Elegance Finance Printing Services Limited ("Elegance Finance Printing Services HK") *(Note (ii))*	Hong Kong	15 December 1994	HK$1,000	100	100	100	100	Provision of printing services, typesetting services, marketing and media services and investment holding

Name of subsidiary	Place of incorporation/ operation	Date of incorporation	Issued and paid-up share capital	Equity interest attributable to the Company: As at 31 March 2016	As at 31 March 2017	As at 31 October 2017	As at the date of this report	Principal activities
				%	%	%	%	
Elegance Document Solutions Limited ("Elegance Document Solutions") *(Note (ii))*	Hong Kong	31 October 1998	HK$5,000,000	100	100	100	100	Sales of paper and accessories, provision of courier services and machineries subletting to group companies
Teamco Translation Limited ("Teamco Translation") *(Note (ii))*	Hong Kong	28 November 1997	HK$1,500,000	85	85	85	85	Provision of translation services

Notes:

(i) No audited financial statements of these companies were issued as there is no statutory audit requirement in the BVI.

(ii) The statutory financial statements of these companies for the years ended 31 March 2016 and 2017 were audited by Cheng & Cheng Limited, Certified Public Accountants, and Mazars CPA Limited, Certified Public Accountants, respectively.

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Immediately prior to and after the Reorganisation, the Company and its subsidiaries now comprising the Group are ultimately controlled by the Ultimate Controlling Party. The Group's business is mainly conducted through Elegance Printing HK, Elegance Finance Printing Services HK, Elegance Document Solutions and Teamco Translation. The Company is an investment holding company and has not involved in any other significant activities prior to the Reorganisation. Because the Reorganisation did not result in any change in the management and the ultimate control of the Group's business, it is considered as a business combination under common control. The Group's Historical Financial Information for the Track Record Period as included in this report is prepared using the carrying values of the entities involved in the Reorganisation for all periods presented on a basis in accordance with the principles of merger accounting as set out in Hong Kong Accounting Guideline 5 "Merger accounting for common control combinations" issued by the HKICPA.

As further explained in the paragraph headed "Basis of combinations" in Note 3, the Historical Financial Information presents the combined financial information of the entities now comprising the Group as if the current group structure had always been in existence and the Group is regarded as a continuing entity.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Historical Financial Information has been prepared in accordance with the basis set out below which conforms to Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong.

The Historical Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM.

The HKICPA has issued a number of new/revised HKFRSs during the Track Record Period. For the purpose of the Historical Financial Information, the Group has consistently adopted all these new/revised HKFRSs that are relevant to its operations and are effective during the Track Record Period.

A summary of the principal accounting policies adopted by the Group in preparing the Historical Financial Information is set out below.

Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis.

Basis of combinations

The Historical Financial Information comprises the financial statements of the Company and all of its subsidiaries for the Track Record Period. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Non-controlling interests are presented, separately from owners of the Company, in the combined statements of comprehensive income and within equity in the combined statements of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by HKFRSs.

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

The results of subsidiaries are combined from the date on which the Group obtains control and continue to be combined until the date that such control ceases.

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Merger accounting for common control combinations

The Historical Financial Information incorporates the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the Ultimate Controlling Party.

The net assets of the combining entities or businesses are combined using the existing carrying values from the Ultimate Controlling Party's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the Ultimate Controlling Party's interest. The combined statements of comprehensive income include the results of each of the combining entities or businesses from the date of incorporation/establishment or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis and depreciated separately:

Leasehold improvements	10 years or the lease term, whichever is shorter
Plant and machinery	3 to 10 years
Furniture and equipment	3 to 7 years
Motor vehicles	5 years

Assets held under finance leases are depreciated over the shorter of their expected useful lives or the terms of the leases.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial assets or financial liabilities are initially recognised at their fair value plus, in the case of financial assets or financial liabilities not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

(1) Loans and receivables

Loans and receivables including trade and other receivables, amounts due from related companies, and bank balances and cash are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition over the period to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in profit or loss.

(2) Financial liabilities

The Group's financial liabilities include trade and other payables, amount due to the immediate holding company, amounts due to related companies, amount due to a director, bank borrowings, obligations under finance leases and dividend payable. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that financial assets are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. Such impairment loss is reversed in subsequent periods through profit or loss when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Cash equivalents

For the purpose of the combined statements of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Revenue recognition

Revenue from provision of integrated commercial and financial printing services income, and other services income is recognised when (i) the services are provided and the transactions can be measured reliably; (ii) it is probable that the economic benefits associated with the transaction will flow to the Group; and (iii) the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from service contract is recognised based on the stage of completion of the contracts as described in the accounting policy for service contracts below. The recognition of revenue on this basis provides information about the extent of service activities and performance at the end of the reporting period as integrated printing services are spanned for months and sometimes across different reporting periods.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first in, first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Service contracts

Where the outcome of a service contract can be estimated reliably, service revenue is recognised over the period of the contract by reference to the stage of completion of service contract activity at the end of each of the Track Record Period. When the outcome of a service contract cannot be estimated reliably, service revenue is recognised only to the extent of service costs incurred that are likely to be recoverable.

The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to be recognised in a given period. The stage of completion is measured by reference to work performed to date as a percentage of total estimated service cost of the contract.

The Group presents as an asset the gross amounts due from customers on service contracts for all service contracts in progress for which service costs incurred plus recognised profits exceed progress billings and amounts received. The Group presents as a liability the gross amounts due to customers on service contracts in progress for which the progress billings and amounts received exceed the service costs incurred plus recognised profits. Progress billings not yet paid by customers are included within trade and other receivables.

Impairment of other assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that property, plant and equipment may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as an income in profit or loss immediately.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As lessee

Assets held under finance leases are recognised as assets of the Group at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the combined statements of financial position as finance lease obligation. Finance charges, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the combined financial statements. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of the Group's various lines of business.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the Historical Financial Information. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty are as follows:

Estimation of useful lives of property, plant and equipment

The management determines the estimated useful lives of the Group's property, plant and equipment based on the historical experience of the actual useful lives of assets of similar nature and functions. The estimated useful lives could be different as a result of technical innovations which could affect the related depreciation charges.

Impairment of trade and other receivables

The provisioning policy for bad and doubtful debts of the Group is based on the evaluation by management of the collectability of the trade receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including assessing the current creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance will be required.

Contracts for services

The Group recognises certain contract revenue on the rendering of services by reference to the stage of completion of the contract activities at the end of the reporting period when the outcome of a contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs to be incurred under the transaction. Significant assumptions are required to estimate the total contract costs and/or the stage of completion, and the recoverable variation works (if any) that will affect the stage of completion. The estimates are made based on past experience and knowledge of management.

Future changes in HKFRSs

As at the date of this report, the HKICPA has issued the following new/revised HKFRSs which are not yet effective:

Amendments to HKAS 40	Transfer of Investment Property (1)
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions (1)
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts (1)
HKFRS 9	Financial Instruments (1)
HKFRS 15	Revenue from Contracts with Customers (1)
HK(IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration(1)
Annual Improvements to HKFRSs	2014 – 2016 Cycle: HKFRS 1 and HKAS28 (1)
HKFRS 16	Leases (2)
HK(IFRIC)–Int 23	Uncertainty over Income Tax Treatments (2)
Amendments to HKAS 28	Investments in Associates and Joint Ventures (2)
Amendments to HKFRS 9	Prepayment Features with Negative Compensation (2)
Annual Improvements to HKFRSs	2015 – 2017 Cycle (2)
HKFRS 17	Insurance Contracts (3)
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (4)

(1) Effective for annual periods beginning on or after 1 January 2018
(2) Effective for annual periods beginning on or after 1 January 2019
(3) Effective for annual periods beginning on or after 1 January 2021
(4) The effective date to be determined

Except for HKFRS 9, HKFRS 15 and HKFRS 16 as set out below, the management of the Group does not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the Group's financial information.

HKFRS 9

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirement of HKFRS 9 which is relevant to the Group is the impairment of financial assets, of which HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 March 2016 and 2017 and 31 October 2017, the management of the Group preliminarily anticipates that the application of HKFRS 9 in the future may have an impact of the Group's financial assets. In particular, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost. However, based on the credit condition and the expected settlement patterns of the Group's debtors, it is not anticipated the initial adoption of HKFRS 9 will have a material impact on the Group's financial position and financial performance.

HKFRS 15

HKFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related interpretations when it becomes effective. The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The management of the Group preliminarily considers that the performance obligations that may be identified under HKFRS 15 are similar to the current identification of revenue components under the Group's existing revenue recognition policy developed under HKAS 18 and the Group will adopt the "input methods" under HKFRS 15 in measuring the percentage of completion with reference to the actual staff costs incurred and materials consumed, as appropriate, for revenue arising from services contracts. Therefore, the adoption of HKFRS 15 in the future will have no significant impact on recognition of revenue in respect of amount and timing. However, the application of HKFRS 15 in future may result in more disclosures.

HKFRS 16

HKFRS 16 significantly changes the lessee accounting by replacing the dual model under HKAS 17 with a single model which requires a lessee to recognise assets and liabilities for the rights and obligations created by leases unless the exemptions apply. Besides, among other changes, it requires enhanced disclosures to be provided by lessees and lessors. Based on the preliminary assessment, the management is of the opinion that the leases of certain properties by the Group which are currently classified as operating leases under HKAS 17 will trigger the recognition of right-of-use assets and lease liabilities in accordance with HKFRS 16. In subsequent measurement, depreciation (and, if applicable, impairment loss) and interest will be recognised on the right-of-use assets and the lease liabilities respectively, of which the amount in total for each reporting period is not expected to be significantly different from the periodic operating lease expenses recognised under HKAS 17. Apart from the effects as outlined above, it is not expected that HKFRS 16 will have a material impact on the future financial position, financial performance and cash flows of the Group upon adoption.

As set out in Note 30, as at 31 March 2016 and 2017 and 31 October 2017, the total future minimum lease payments under non-cancellable operating leases of the Group in respect of premises amounted to approximately HK$718,000, HK$15,457,000 and HK$12,150,000, respectively. The management of the Company does not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's financial performance but it is expected that the Group has to separately recognise the interest expenses on the lease liabilities and the depreciation expense on the right-of-use assets, and that certain portion of the future minimum lease payments under the Group's operating leases will be required to be recognised in the Group's combined statements of financial position as right-of-use assets and lease liabilities. The Group will also be required to remeasure the lease liabilities upon the occurrence of certain events such as a change in the lease term and recognise the amount of the remeasurement of the lease liabilities as an adjustment to the right-of-use assets. In addition, payments for the principal portion of the lease liabilities will be presented within financing activities in the Group's combined statements of cash flows.

4. SEGMENT INFORMATION

The directors of the Company have determined that the Group has only one operating and reportable segment throughout the Track Record Period, as the Group manages its business as a whole as the provision of integrated printing services in Hong Kong and the executive directors of the Company, being the chief operating decision-makers of the Group, regularly review the internal financial reports on the same basis for the purposes of allocating resources and assessing performance of the Group. Segment information is not presented accordingly.

The Company is an investment holding company and the principal place of the Group's operation is in Hong Kong. All of the Group's revenue from external customers during the Track Record Period is derived from Hong Kong and all of the Group's assets and liabilities are located in Hong Kong.

Information about major customers

Revenue from customers individually contributing 10% or more of the total revenue of the Group is as follows:

	Year ended 31 March		**Seven months ended 31 October**	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* *(Unaudited)*	*HK$'000*
Customer A	32,333	10,710	8,214	Note
Customer B	Note	8,728	6,955	6,523

Note: The customer contributed less than 10% of the total revenue of the Group for the relevant period.

5. REVENUE

	Year ended 31 March		**Seven months ended 31 October**	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* *(Unaudited)*	*HK$'000*
Commercial printing services	72,161	56,059	34,599	31,332
Financial printing services	24,910	25,605	17,231	16,366
Other services *(Note)*	1,289	1,874	587	1,062
	98,360	83,538	52,417	48,760

Note: Other services included ad hoc design and artwork, and/or translation services,etc.

6. OTHER INCOME

	Year ended 31 March		Seven months ended 31 October	
	2016	2017	2016	2017
	HK$'000	*HK$'000*	*HK$'000* *(Unaudited)*	*HK$'000*
Exchange gain, net	—	—	—	26
Gain on disposal of property, plant and equipment, net	—	1,121	1,181	—
Interest income	365	10	9	—
Reversal of impairment loss on amounts due from related companies/a former related company	2,650	808	808	—
Sundry income	442	475	107	119
	3,457	2,414	2,105	145

7. PROFIT (LOSS) BEFORE TAXATION

This is stated after (crediting) charging:

	Year ended 31 March		Seven months ended 31 October	
	2016	2017	2016	2017
	HK$'000	*HK$'000*	*HK$'000* *(Unaudited)*	*HK$'000*
Finance costs				
— Interest on bank borrowings	491	378	228	163
— Finance charges on obligations under finance leases	86	54	34	19
	577	432	262	182
Staff costs (including directors' emoluments)				
— Salaries and other benefits	34,544	28,606	17,045	15,733
— Contributions to defined contribution plans	1,908	1,594	946	891
Total staff costs	36,452	30,200	17,991	16,624
Other items				
Auditors' remuneration	182	195	96	99
Cost of inventories *(Note)*	74,179	61,735	39,244	33,296
Depreciation	13,281	11,545	7,081	5,742
Exchange loss (gain), net	25	54	32	(26)
Loss (Gain) on disposal of property, plant and equipment, net	55	(1,121)	(1,181)	—
Operating lease charges for premises	11,118	11,757	6,843	6,782
Reversal of impairment loss on amounts due from related companies/a former related company	(2,650)	(808)	(808)	—

Note: During the years ended 31 March 2016 and 2017 and the seven months ended 31 October 2016 and 2017, cost of inventories included approximately HK$41,381,000, HK$36,773,000, HK$21,155,000 (Unaudited) and HK$19,613,000, respectively, relating to the aggregate amount of certain staff costs, depreciation and operating lease charges, which were included in the respective amounts as disclosed above.

8. DIRECTORS' EMOLUMENTS

The Company was incorporated in the Cayman Islands on 24 January 2017 and Mr. So Wing Keung and Mr. Leung Shu Kin were appointed as directors of the Company on 24 January 2017 and re-designated as executive directors of the Company on 11 September 2017. Mr. Tam Pei Qiang, Mr. Kwong Chi Wing and Mr. Cheung Wai Lun Jacky were appointed as independent non-executive directors of the Company on 19 April 2018.

Certain directors of the Company received remuneration from the entities now comprising the Group during the Track Record Period for their employment as directors or employees of these entities. The aggregate amounts of remuneration received and receivable by the directors of the Company during the Track Record Period are set out below.

Year ended 31 March 2016

	Directors' fees	**Salaries, allowances and benefits in kind**	**Discretionary bonus**	**Contributions to defined contribution plans**	**Total**
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000*	*HK\$'000*
Executive directors					
Mr. So Wing Keung	—	—	—	—	—
Mr. Leung Shu Kin	—	950	—	66	1,016
	—	950	—	66	1,016

Year ended 31 March 2017

	Directors' fees	**Salaries, allowances and benefits in kind**	**Discretionary bonus**	**Contributions to defined contribution plans**	**Total**
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000*	*HK\$'000*
Executive directors					
Mr. So Wing Keung	—	—	—	—	—
Mr. Leung Shu Kin	—	720	80	36	836
	—	720	80	36	836

Seven months ended 31 October 2016 (Unaudited)

	Directors' fees	**Salaries, allowances and benefits in kind**	**Discretionary bonus**	**Contributions to defined contribution plans**	**Total**
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000*	*HK\$'000*
Executive directors					
Mr. So Wing Keung	—	—	—	—	—
Mr. Leung Shu Kin	—	420	35	21	476
	—	420	35	21	476

Seven months ended 31 October 2017

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonus	Contributions to defined contribution plans	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors					
Mr. So Wing Keung	—	—	—	—	—
Mr. Leung Shu Kin	—	420	35	21	476
	—	420	35	21	476

During the Track Record Period, no emoluments were paid by the Group to any of these directors as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

9. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid individuals during the Track Record Period is as follows:

	Number of individuals			
	Year ended 31 March		Seven months ended 31 October	
	2016	2017	2016	2017
			(Unaudited)	
Director	1	1	1	1
Non-director	4	4	4	4
	5	5	5	5

Details of the remuneration of the above highest paid non-director individuals are as follows:

	Year ended 31 March		Seven months ended 31 October	
	2016	2017	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Salaries, allowances and benefits in kind	4,358	2,960	1,739	1,752
Contributions to defined contribution plans	133	122	66	71
	4,491	3,082	1,805	1,823

The number of these non-director individuals whose emoluments fell within the following emoluments band is as follows:

	Number of individuals			
	Year ended 31 March		Seven months ended 31 October	
	2016	**2017**	**2016**	**2017**
			(Unaudited)	
Nil to HK$1,000,000	2	4	4	4
HK$1,000,001 to HK$1,500,000	2	—	—	—
	4	4	4	4

During the Track Record Period, no remuneration was paid by the Group to any of these highest paid non-director individuals as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any emoluments during the Track Record Period.

10. TAXATION

The Group entities established in the Cayman Islands and the BVI are exempted from income tax.

Hong Kong Profits Tax has been provided at the rate of 16.5% on the Group's estimated assessable profits arising from Hong Kong for the years ended 31 March 2016 and 2017 and the seven months ended 31 October 2016 and 2017.

	Year ended 31 March		Seven months ended 31 October	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Current tax				
Hong Kong Profits Tax:				
Current year/period	1,271	1,899	1,285	1,393
Overprovision in prior year/period	(40)	(40)	—	—
	1,231	1,859	1,285	1,393
Deferred taxation	(1,905)	(1,877)	(1,218)	(876)
Income tax (credit) expenses	(674)	(18)	67	517

Reconciliation of income tax (credit)/expenses

	Year ended 31 March		Seven months ended 31 October	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* *(Unaudited)*	*HK$'000*
Profit (Loss) before taxation	1,108	1,979	2,104	(4,685)
Income tax at applicable income tax rate	183	327	347	(773)
Non-deductible expenses	6	86	2	1,307
Tax exempt revenue	(439)	(206)	(136)	(6)
Utilisation of previously unrecognised tax losses	(353)	(265)	(154)	—
Overprovision in prior year/period	(40)	(40)	—	—
Others	(31)	80	8	(11)
Income tax (credit) expenses	(674)	(18)	67	517

11. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of the Historical Financial Information, is not considered meaningful due to the Reorganisation of the Group and the preparation of the results of the Group for each of the years ended 31 March 2016 and 2017 and the seven months ended 31 October 2016 and 2017 on a combined basis as disclosed in Notes 1 and 2 above.

12. DIVIDENDS

During the years ended 31 March 2016 and 2017 and the seven months ended 31 October 2016 and 2017, the Group declared dividends of HK$19,240,000, HK$16,120,000, Nil (unaudited) and HK$9,925,000, respectively to the owners of the entities now comprising the Group.

Other than disclosed in the combined statements of cash flows and above, no dividend was paid or declared by any group entities during the Track Record Period.

Dividend per share is not presented as its inclusion, for the purpose of this report, is not considered meaningful.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Reconciliation of carrying amount – year ended 31 March 2016					
At 1 April 2015	313	66,000	1,509	777	68,599
Additions	—	3	106	—	109
Disposals	(55)	—	—	—	(55)
Depreciation	(104)	(12,407)	(563)	(207)	(13,281)
At 31 March 2016	154	53,596	1,052	570	55,372
Reconciliation of carrying amount – year ended 31 March 2017					
At 1 April 2016	154	53,596	1,052	570	55,372
Additions	—	635	224	—	859
Disposals	—	(1,409)	—	—	(1,409)
Depreciation	(58)	(10,713)	(571)	(203)	(11,545)
At 31 March 2017	96	42,109	705	367	43,277
Reconciliation of carrying amount – Seven months ended 31 October 2017					
At 1 April 2017	96	42,109	705	367	43,277
Additions	—	—	71	—	71
Depreciation	(25)	(5,358)	(264)	(95)	(5,742)
At 31 October 2017	71	36,751	512	272	37,606
At 31 March 2016					
Cost	4,810	126,754	12,644	1,034	145,242
Accumulated depreciation	(4,656)	(73,158)	(11,592)	(464)	(89,870)
Net carrying amount	154	53,596	1,052	570	55,372
At 31 March 2017					
Cost	4,810	106,722	12,537	1,034	125,103
Accumulated depreciation	(4,714)	(64,613)	(11,832)	(667)	(81,826)
Net carrying amount	96	42,109	705	367	43,277
At 31 October 2017					
Cost	4,810	106,722	12,591	1,034	125,157
Accumulated depreciation	(4,739)	(69,971)	(12,079)	(762)	(87,551)
Net carrying amount	71	36,751	512	272	37,606

The carrying amount of plant and machinery includes an amount of approximately HK$2,458,000, HK$1,543,000 and HK$840,000 in respect of assets held under finance leases as at 31 March 2016 and 2017 and 31 October 2017, respectively.

14. INVENTORIES

	At 31 March 2016 HK$'000	At 31 March 2017 HK$'000	At 31 October 2017 HK$'000
Raw materials	1,664	1,754	1,750
Work in progress	247	184	89
	1,911	1,938	1,839

15. AMOUNTS DUE FROM / TO CUSTOMERS FOR SERVICE CONTRACTS

	At 31 March 2016 HK$'000	At 31 March 2017 HK$'000	At 31 October 2017 HK$'000
Contracts in progress			
Contract costs incurred plus recognised profits less recognised losses to date	—	941	1,176
Less: progress billings and amounts received	—	(1,001)	(972)
	—	(60)	204
Analysed for reporting purposes as:			
Amounts due from customers for service contracts	—	440	380
Amounts due to customers for service contracts	—	(500)	(176)
	—	(60)	204

As at 31 March 2016 and 2017 and 31 October 2017, no retention was held by customers on service contracts.

All the amounts due from/to customers for service contracts are expected to be recovered/settled within one year.

16. TRADE AND OTHER RECEIVABLES

	At 31 March 2016 HK$'000	At 31 March 2017 HK$'000	At 31 October 2017 HK$'000
Trade receivables	16,232	13,034	9,833
Other receivables			
Prepayments *(Note)*	199	5,032	2,787
Deposits and other receivables	6,789	3,280	4,214
	6,988	8,312	7,001
	23,220	21,346	16,834

Note: The amount included prepaid listing expenses of approximately Nil, HK$4,985,000 and HK$2,129,000 as at 31 March 2016 and 2017 and 31 October 2017, respectively.

The credit terms granted to customers are varied and are generally the result of negotiations between individual customers and the Group. The average credit period granted was ranging from 7 to 60 days. At the end of the reporting period, the ageing analysis of trade receivables based on invoice date is as follows:

	At 31 March		At 31 October
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Less than 30 days	8,474	9,574	4,431
31 to 60 days	4,443	1,863	3,830
61 to 90 days	1,651	686	1,227
Over 90 days	1,664	911	345
	16,232	13,034	9,833

At the end of the reporting period, the ageing analysis of trade receivables which are past due but not impaired is as follows:

	At 31 March		At 31 October
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Neither past due nor impaired	10,891	6,350	5,342
Past due:			
Less than 30 days	2,335	5,208	3,002
31 to 60 days	1,627	622	1,142
61 to 90 days	970	559	259
Over 90 days	409	295	88
	5,341	6,684	4,491
	16,232	13,034	9,833

The trade receivables that are past due but not impaired related to a number of independent customers that have a good track record with the Group. The Group has not recognised impairment on these balances as there has not been a significant change in credit quality and the directors believe that the amounts are recoverable. The Group does not hold any collateral over these balances.

Receivables that are neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

17. TRADE AND OTHER PAYABLES

		At 31 March		At 31 October
		2016	2017	2017
	Note	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables				
To third parties		4,206	3,427	4,096
To a related company	*20*	198	—	—
		4,404	3,427	4,096
Other payables				
Accruals and other payables		3,858	4,068	5,025
Receipts in advance		10,201	8,950	8,373
		14,059	13,018	13,398
		18,463	16,445	17,494

The trade payables are non-interest bearing and the Group is normally granted with credit terms ranging from 30 to 90 days.

The ageing analysis of trade payables, at the end of the reporting period based on the invoice date, is as follows:

	At 31 March		At 31 October
	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*
Less than 30 days	2,042	2,175	1,418
31 to 60 days	681	649	1,663
61 to 90 days	1,675	184	462
91 to 120 days	6	419	553
	4,404	3,427	4,096

18. BANK BORROWINGS

At the end of the reporting period, the details of the bank borrowings of the Group are as follows:

	At 31 March		At 31 October
	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*
Bank borrowings – secured	17,899	12,293	9,022
Carrying amounts of bank borrowings that are repayable *(Note)*			
Within one year	5,606	5,606	4,698
More than one year, but not exceeding two years	5,606	3,563	2,883
More than two years, but not exceeding five years	6,687	3,124	1,441
Amounts shown under current liabilities	17,899	12,293	9,022

Note: All bank borrowings contain a repayment on demand clause and are shown under current liabilities. The amounts due are presented based on scheduled repayment dates set out in the loan agreements.

As at 31 March 2016 and 2017 and 31 October 2017, the bank borrowings, bore a floating interest rate, at 1 month's Hong Kong Inter-bank Offered Rate ("HIBOR") plus 2% or 2.25% per annum. The effective interest rates on bank borrowings as at 31 March 2016 and 2017 and 31 October 2017 are 2.46%, 2.58% and 2.66% per annum, respectively.

The bank borrowings are drawn under banking facilities. The banking facilities are secured and guaranteed by (i) corporate guarantees, each of which amounted to HK$42,000,000 given by a subsidiary of the Company and a related company, Global Window Limited ("Global Window"), controlled by the Ultimate Controlling Party and (ii) personal guarantee amounted to HK$42,000,000 given by the Ultimate Controlling Party. The corporate guarantee by Global Window is supported by (i) a legal charge over a printing production factory in Shaukeiwan, Hong Kong, which is a property owned by Global Window and (ii) an assignment of the printing factory rental income. The above said guarantees will be released and replaced by a corporate guarantee from the Company upon listing of the Company's shares on the Stock Exchange.

All of the banking facilities are subject to the fulfilment of covenants relating to a subsidiary's ratios based on its statement of financial position, as are commonly found in lending arrangements with financial institutions. If the subsidiary were to breach the covenants, the drawn down facilities would become repayable on demand. In addition, the subsidiary's loan agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the subsidiary has complied with the covenants and met the scheduled repayment obligations.

The Group regularly monitors its compliance with these covenants and has made payments according to the schedule of the loans and does not consider it probable that the bank will exercise its discretion to demand repayment so long as the Group continues to meet these requirements. Further details of the Group's management of liquidity risk are set out in Note 28. As at 31 March 2016 and 2017 and 31 October 2017, none of the covenants relating to drawn down facilities had been breached.

19. OBLIGATIONS UNDER FINANCE LEASES

At the end of the reporting period, the Group had obligations under finance leases repayable as follows:

	Minimum lease payments			**Present value of minimum lease payments**		
	At 31 March		**At 31 October**	**At 31 March**		**At 31 October**
	2016	**2017**	**2017**	**2016**	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amount payable:						
Within one year	1,625	1,034	484	1,579	1,008	468
In the second to fifth years inclusive	1,109	658	420	1,093	638	407
	2,734	1,692	904	2,672	1,646	875
Future finance charges	(62)	(46)	(29)	—	—	—
Present value of lease obligations	2,672	1,646	875	2,672	1,646	875
Amount due for settlement within 12 months				1,579	1,008	468
Amount due for settlement after 12 months				1,093	638	407
				2,672	1,646	875

The Group leases a range of machineries under finance leases with average lease term of five years and are secured by the lessor's charge over the leased assets.

As at 31 March 2016 and 2017 and 31 October 2017, the effective interest rates for the obligations under finance leases are 2.49%, 2.28% and 2.62% per annum, respectively.

20. AMOUNTS DUE FROM/TO RELATED COMPANIES/AMOUNT DUE TO THE IMMEDIATE HOLDING COMPANY/AMOUNT DUE TO A DIRECTOR

	At 31 March		At 31 October	Greatest outstanding amount during years/period ended 31 March		Greatest outstanding amount during years/period ended 31 October
	2016	2017	2017	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts due from related companies						
Global Window *(Notes (i) and (ii))*	2,454	—	—	7,591	2,954	—
Orient Champion Resources Limited *(Notes (i), (iv) and (vi))*	318	—	—	318	318	—
	2,772	—	—			
Amount due to the immediate holding company						
Glorytwin Limited *(Note (vii))*	—	—	300			
Amounts due to related companies						
Ching Art Production Limited ("Ching Art") *(Notes (i) and (iv))*	736	—	—			
Elegance Printing (North America) Limited *(Notes (i), (iv) and (vi))*	610	—	—			
Elegance Printing Holding Limited *(Notes (i) and (iv))*	72	—	—			
	1,418	—	—			
Elegance Integration Limited ("Elegance Integration") *(Note (iii))*	198	—	—			
Amount due to a director						
Mr. Leung Shu Kin *(Note (v))*	168	168	—			

Notes:

(i) These companies were controlled by the Ultimate Controlling Party.

(ii) The outstanding amount is non-trade related, repayable on demand, unsecured and bears interest at 0.75% above 1 month's HIBOR per annum.

(iii) The amount represented trade payables to a related company which was aged within 30 days as at the end of the respective reporting period. Elegance Integration was controlled by the Ultimate Controlling Party until the disposal of his entire equity interest to independent third parties effected on 31 March 2016.

(iv) The outstanding amount is non-trade related, repayable on demand, unsecured and interest-free.

(v) The outstanding amount is non-trade related, repayable on demand, unsecured and interest-free. The amount was fully settled in May 2017.

(vi) Orient Champion Resources Limited and Elegance Printing (North America) Limited were dissolved on 18 January 2017 and 22 May 2017, respectively. The outstanding amounts were fully settled during the year ended 31 March 2017.

(vii) The outstanding amount is non-trade related, repayable on demand, unsecured and interest-free. The amount was fully settled in December 2017.

21. DEFERRED TAXATION

The following is the deferred tax assets (liabilities) recognised and movements thereon during the Track Record Period.

	Accelerated accounting depreciation	Accelerated tax depreciation	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2015	49	(10,542)	(10,493)
Credit to profit or loss	13	1,892	1,905
At 31 March 2016 and 1 April 2016	62	(8,650)	(8,588)
Credit to profit or loss	8	1,869	1,877
At 31 March 2017 and 1 April 2017	70	(6,781)	(6,711)
Credit to profit or loss	1	875	876
At 31 October 2017	71	(5,906)	(5,835)

For the purpose of presentation in the Historical Financial Information, the following is the analysis of the deferred taxation:

	At 31 March		At 31 October
	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*
Deferred tax assets	62	70	71
Deferred tax liabilities	(8,650)	(6,781)	(5,906)
	(8,588)	(6,711)	(5,835)

As at 31 March 2016, the Group had unused tax losses of HK$1,603,000 arising in Hong Kong which did not expire under the current tax legislation. The losses as at 31 March 2016 were utilised during the year ended 31 March 2017.

22. SHARE CAPITAL

The Company was incorporated in the Cayman Islands as an exemption company with limited liability under the Law of the Cayman Islands on 24 January 2017 with an initial authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each and 1 share was issued.

	Number of shares	Amounts
		HK$
Authorised		
Ordinary shares of HK$0.01 each at the date of incorporation and at 31 March 2017 and 31 October 2017	38,000,000	380,000
Issued and fully paid:		
Ordinary share of HK$0.01 at the date of incorporation and at 31 March 2017 and 31 October 2017	1	0.01

23. RESERVES

Capital reserve

Capital reserve of the Group represents the aggregate amount of the issued share capital of the entities now comprising the Group less consideration paid to acquire the relevant interests (if any) in relation to the Reorganisation.

24. FINANCIAL INFORMATION OF THE COMPANY

(a) Investments in subsidiaries

Investments in subsidiaries represent 100% of the issued share capital of Elegance Printing Holding BVI and Elegance Printing Services Holding BVI.

(b) Amounts due from/to subsidiaries/Amount due to the immediate holding company

The amounts due are unsecured, interest-free and repayable on demand.

(c) Accumulated losses of the Company

	Accumulated losses
	HK$'000
At 24 January 2017 (date of incorporation)	—
Loss for the period and total comprehensive loss for the period	—*
At 31 March 2017	—*
Profit for the period and total comprehensive income for the period	2,403
Transactions with owners	
Contributions and distributions	
Dividends *(Note 12)*	(9,700)
At 31 October 2017	(7,297)

* *Represent the amount less than HK$1,000.*

During the year ended 31 March 2017 and the period ended 31 October 2017, certain corporate administrative expenses of the Company and listing expenses were borne by the subsidiaries of the Company without recharge.

25. RETIREMENT BENEFITS SCHEME

Defined contribution plans

The Group joins an Occupational Retirement Schemes Ordinance scheme (the "ORSO Scheme") for their qualifying employees in Hong Kong. The ORSO Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Occupational Retirement Schemes Ordinance. The assets of the ORSO Scheme are held separately from those of the Group in funds under the control of independent trustees. Under the rules of the ORSO Scheme, the Group and its employees are each required to make contribution to the ORSO Scheme at rates specified in the rules of the ORSO Scheme. The obligation of the Group with respect of the ORSO Scheme is to make the required contribution under the ORSO Scheme. The retirement benefits costs charged to the combined statements of comprehensive income represent contributions payable to the ORSO Scheme by the Group.

26. ADDITIONAL INFORMATION ON THE COMBINED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 March 2016, dividends of HK$9,000,000 were settled through current accounts with a director and a related company which is controlled by the Ultimate Controlling Party.

During the year ended 31 March 2017, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK$621,000.

(b) Reconciliation of liabilities arising from financing activities

The movements during the Track Record Period in the Group's liabilities arising from financing activities are as follows:

Year ended 31 March 2016

			Non-cash changes			
	At 1 April 2015	Cash flows	Declaration of dividends	Settlement via offsetting	Reversal of impairment loss	At 31 March 2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank borrowings	10,186	7,713	—	—	—	17,899
Obligations under finance leases	4,282	(1,610)	—	—	—	2,672
Amounts due to related companies	692	(4,724)	—	8,100	(2,650)	1,418
Amount due to a director	133	(865)	—	900	—	168
Dividend payable	11,740	(11,740)	19,240	(9,000)	—	10,240
Total liabilities from financing activities	27,033	(11,226)	19,240	—	(2,650)	32,397

Year ended 31 March 2017

			Non-cash changes			
	At 1 April 2016	Cash flows	Declaration of dividends	Acquisition	Reversal of impairment loss	At 31 March 2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank borrowings	17,899	(5,606)	—	—	—	12,293
Obligations under finance leases	2,672	(1,647)	—	621	—	1,646
Amounts due to related companies	1,418	(610)	—	—	(808)	—
Amount due to a director	168	—	—	—	—	168
Dividend payable	10,240	(26,360)	16,120	—	—	—
Total liabilities from financing activities	32,397	(34,223)	16,120	621	(808)	14,107

Seven months ended 31 October 2016 (Unaudited)

	At 1 April 2016	Cash flows	Non-cash changes: Declaration of dividends	Acquisition	Reversal of impairment loss	At 31 October 2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank borrowings	17,899	(3,271)	—	—	—	14,628
Obligations under finance leases	2,672	(977)	—	621	—	2,316
Amounts due to related companies	1,418	(337)	—	—	(808)	273
Amount due to a director	168	—	—	—	—	168
Dividend payable	10,240	(10,240)	—	—	—	—
Total liabilities from financing activities	32,397	(14,825)	—	621	(808)	17,385

Seven months ended 31 October 2017

	At 1 April 2017	Cash flows	Non-cash changes: Declaration of dividends	Acquisition	Reversal of impairment loss	At 31 October 2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank borrowings	12,293	(3,271)	—	—	—	9,022
Obligations under finance leases	1,646	(771)	—	—	—	875
Amount due to the immediate holding company	—	300	—	—	—	300
Amount due to a director	168	(168)	—	—	—	—
Dividend payable	—	(9,925)	9,925	—	—	—
Total liabilities from financing activities	14,107	(13,835)	9,925	—	—	10,197

27. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances disclosed elsewhere in the notes to the Historical Financial Information, the Group had the following related party transactions during the Track Record Period:

Name of related company	Nature of transactions	Year ended 31 March 2016	Year ended 31 March 2017	Seven months ended 31 October 2016	Seven months ended 31 October 2017
		HK$'000	*HK$'000*	*HK$'000 (Unaudited)*	*HK$'000*
Elegance iMedia Marketing Limited ("Elegance iMedia") *(Note (i))*	Commercial printing services income	95	—	—	—
	Translation services income	12	—	—	—
	Other services income	9	—	—	—
	Marketing expenses	(360)	—	—	—
Elegance Integration *(Note (ii))*	Sub-contracting charges	(2,669)	—	—	—
i Book Printing Limited ("i Book") *(Note (iii))*	Other services income	6	—	—	—
Global Window *(Note (iv))*	Interest income	63	7	7	—
	Rental expenses	(6,600)	(6,600)	(3,850)	(3,700)
Ching Art *(Note (iv))*	Motor vehicles rental expenses	(470)	—	—	—
Ultimate Controlling Party *(Note (v))*	Interest income	300	—	—	—

Notes:

(i) Elegance iMedia was controlled by the Ultimate Controlling Party until the disposal of his entire equity interest to an independent third party transacted on 31 March 2016.

(ii) Elegance Integration was controlled by the Ultimate Controlling Party until the disposal of his entire equity interest to independent third parties effected on 31 March 2016.

(iii) i Book was owned by Elegance Integration so it was effectively controlled by the Ultimate Controlling Party until the disposal of his entire equity interest in Elegance Integration to independent third parties effected on 31 March 2016.

(iv) These related companies were controlled by the Ultimate Controlling Party during the Track Record Period.

(v) The interest income was derived from a fixed rate unsecured loan of HK$10,000,000 granted to the Ultimate Controlling Party in April 2015. The greatest outstanding amount during the year ended 31 March 2016 was HK$10,300,000. The loan was fully settled by the Ultimate Controlling Party on 29 March 2016.

(b) Remuneration for key management personnel (including directors) of the Group:

	Year ended 31 March		Seven months ended 31 October	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* (*Unaudited*)	*HK$'000*
Salaries, allowances and benefits in kind	4,712	3,659	2,082	2,184
Contributions to defined contribution retirement scheme	222	149	88	90
	4,934	3,808	2,170	2,274

Further details of the directors' emoluments are set out in Note 8.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise of trade and other receivables, amounts due from related companies, bank balances and cash, trade and other payables, bank borrowings, obligations under finance leases, amount due to the immediate holding company, amounts due to related companies, amount due to a director and dividend payable. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks throughout the Track Record Period.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's bank borrowings with floating interest rates. The interest rates and terms of repayment of the bank borrowings of the Group are disclosed in Note 18 to the Historical Financial Information. The Group currently does not have a policy to hedge against the interest rate risk as the management does not expect any significant interest rate risk at the end of each reporting period.

As at 31 March 2016 and 2017 and 31 October 2017, if interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit (loss) before tax for the year/period would change by HK$179,000, HK$123,000 and HK$90,000, respectively but there would be no impact on the other equity reserves.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates.

Foreign currency risk

During the Track Record Period, the Group had a minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the functional currency of the operating subsidiaries of the Group, i.e. HK$.

As at 31 March 2016 and 2017 and 31 October 2017, the Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

Credit risk

Credit risk refers to the risk that debtors will default on their obligations to repay the amounts due to the Group, resulting in a loss to the Group. The Group's credit risk is mainly attributable to trade and other receivables, amounts due from related companies and bank balances and cash. The Group limits its exposure to credit risk by selecting the counterparties with reference to their past credit history and/ or market reputation. The Group's maximum exposure to the credit risk is summarised as follows:

	At 31 March		At 31 October
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Trade and other receivables	23,021	16,314	14,047
Amounts due from related companies	2,772	—	—
Bank balances and cash	51,286	32,394	24,941
	77,079	48,708	38,988

The Group trades with recognised and creditworthy third parties. The receivable balances are monitored on an ongoing basis by senior management and the Group's exposure to bad debts is not significant. Amounts due from related companies are continuously monitored by assessing the credit worthiness of the counterparties, taking into account their financial position, payment history and other factors. Where necessary, an impairment loss is made for estimated irrecoverable amounts.

The management considers the credit risk in respect of bank balances and cash is minimal because the counterparties are authorised financial institutions with high credit ratings.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

At 31 March 2016 and 2017 and 31 October 2017, the Group had a concentration of credit risk as approximately 26%, 11% and 14% of the total trade receivables was due from the Group's largest customer, respectively, and approximately 51%, 42% and 45% of the total trade receivables was due from the Group's five largest customers, respectively.

None of the Group's financial assets are pledged.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial liabilities and financial assets (e.g. trade receivables) and projected cash flows from operations.

The Group's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and cash equivalents as well as adequate banking facilities to meet its operation needs at any time.

The maturity profile of the Group's financial liabilities at the end of the reporting period based on contractual undiscounted payments is summarised below:

	On demand or less than 1 year	1 to 2 years	2 to 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2016				
Trade and other payables	8,262	—	—	8,262
Amounts due to related companies	1,418	—	—	1,418
Amount due to a director	168	—	—	168
Bank borrowings *(Note)*	17,899	—	—	17,899
Obligations under finance leases	1,625	902	207	2,734
Dividend payables	10,240	—	—	10,240
	39,612	902	207	40,721

	On demand or less than 1 year	1 to 2 years	2 to 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2017				
Trade and other payables	7,495	—	—	7,495
Amount due to a director	168	—	—	168
Bank borrowings *(Note)*	12,293	—	—	12,293
Obligations under finance leases	1,034	339	319	1,692
	20,990	339	319	21,648

	On demand or less than 1 year	1 to 2 years	2 to 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 October 2017				
Trade and other payables	9,121	—	—	9,121
Amount due to the immediate holding company	300	—	—	300
Bank borrowings *(Note)*	9,022	—	—	9,022
Obligations under finance leases	484	178	242	904
	18,927	178	242	19,347

Note: The amount repayable under bank loan agreements that include a clause that gives the bank an unconditional right to call the loan at any time is classified under the category of "on demand or less than 1 year". However, the directors of the Company do not expect that the bank would exercise such right to demand the repayment and thus the borrowing, which included the related interest, would be repaid according to the below schedule as set out in the loan agreements.

	At 31 March		At 31 October
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
On demand or less than 1 year	5,946	5,841	4,864
1-2 years	5,833	3,679	2,958
2-5 years	6,838	3,166	1,452
	18,617	12,686	9,274

29. FAIR VALUE MEASUREMENTS

All financial assets and financial liabilities are carried at amounts not materially different from their fair values as at 31 March 2016 and 2017 and 31 October 2017.

30. COMMITMENTS

The Group leases a number of properties under operating leases with leases negotiated for terms ranging from two to three years. None of the leases includes contingent rentals.

At the end of each reporting period, the Group had total future minimum lease payments in respect of premises under non-cancellable operating leases, which are payable as follows:

	At 31 March		At 31 October
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	718	8,842	8,842
In the second to fifth years	—	6,615	3,308
	718	15,457	12,150

31. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide returns for equity owners. The Group manages its capital structure and makes adjustments, including payment of dividend to equity owners, call for additional capital from equity owners or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the Track Record Period.

32. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 October 2017, the Group has the following subsequent events:

(i) Pursuant to the resolution of the shareholders passed on 19 April 2018, inter-alia, the authorised share capital of the Company was increased from HK$380,000 to HK$1,000,000,000 by the creation of additional 99,962,000,000 shares of HK$0.01 each and the Capitalisation Issue (as defined below) was conditionally approved.

(ii) Pursuant to the resolutions in writing of the Company's shareholders passed on 19 April 2018, subject to the share premium account of the Company being credited as a result of the offering of the Company's shares, the directors of the Company were authorised to allot and issue a total of 329,999,999 shares of HK$0.01 each to the existing shareholders, credited as fully paid at par by way of capitalisation of the sum of HK$3,299,999.99 standing to be credit of the share premium account of the Company (the "Capitalisation Issue") and the shares to be allotted and issued pursuant to this resolution shall carry the same rights as all shares in issue (save for the right to participate in the Capitalisation Issue).

The information set forth in this appendix does not form part of the Accountants' Report prepared by Mazars CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The unaudited pro forma statement of adjusted combined net tangible assets of the Group is prepared in accordance with Rule 7.31 of the GEM Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants for illustrative purposes only, and is set out below to illustrate the effect of the Share Offer on the combined net tangible assets of the Group attributable to owners of the Company at 31 October 2017 as if the Share Offer had taken place on that date and is prepared based on the audited combined net tangible assets of the Group attributable to owners of the Company at 31 October 2017 derived from the Accountants' Report, as set out in Appendix I to this prospectus and adjusted as indicated below.

This unaudited pro forma statement of adjusted combined net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group at 31 October 2017 or at any future dates following the Share Offer.

	Audited combined net tangible assets attributable to owners of the Company at 31 October 2017	**Estimated net proceeds from the Share Offer**	**Unaudited pro forma adjusted combined net tangible assets attributable to owners of the Company**	**Unaudited pro forma adjusted combined net tangible assets attributable to owners of the Company per Share**
	(Note 1)	*(Note 2)*		*(Note 3)*
	HK$'000	*HK$'000*	*HK$'000*	*HK$*
Based on the Offer Price of HK$0.60 per Offer Share	45,623	49,496	95,119	0.22

Notes to the unaudited pro forma statement of adjusted combined net tangible assets

1. The audited combined net tangible assets of the Group attributable to owners of the Company at 31 October 2017 is based on the audited combined net assets attributable to owners of the Company at 31 October 2017 of HK$45,623,000, extracted from the combined financial information included in the Accountants' Report as set out in Appendix I to this prospectus.

2. The estimated net proceeds from the Share Offer are based on 110,000,000 new Shares and the indicative Offer Price of HK$0.60 per Offer Share, after deduction of relevant estimated underwriting commissions and fees and other related expenses payable by the Company excluding HK$8,496,000 listing-related expenses which has been accounted for prior to 31 October 2017.

3. The calculation of the pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company per Share is based on 440,000,000 Shares expected to be in issue after the completion of the Capitalisation Issue and the Share Offer.

4. No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 October 2017.

The following is the text of a report received from the independent reporting accountants of the Company, Mazars CPA Limited, Certified Public Accountants, Hong Kong, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

B. ASSURANCE REPORT FROM THE INDEPENDENT REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS OF THE GROUP

MAZARS

MAZARS CPA LIMITED
瑪澤會計師事務所有限公司
42nd Floor, Central Plaza
18 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道18號中環廣場42樓
Tel 電話: (852) 2909 5555
Fax 傳真: (852) 2810 0032
Email 電郵: info@mazars.hk
Website 網址: www.mazars.hk

30 April 2018

The Directors
Elegance Commercial and Financial Printing Group Limited
VBG Capital Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Elegance Commercial and Financial Printing Group Limited (formerly known as "Elegance Group Limited") (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") prepared by the directors of the Company (the "Directors"). The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted combined net tangible assets attributable to owners of the Company at 31 October 2017 and related notes as set out on pages IIA-1 to IIA-2 of Appendix IIA to the prospectus issued by the Company dated 30 April 2018 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages IIA-1 to IIA-2 of Appendix IIA to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed listing of the Company's shares on GEM of The Stock Exchange of Hong Kong Limited by the way of Share Offer on the Group's financial position at 31 October 2017 as if the event had taken place at 31 October 2017. As part of this process, information about the Group's financial position at 31 October 2017 has been extracted by the Directors from the Group's financial information for the year ended 31 October 2017, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' responsibility for the unaudited pro forma financial information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting accountants' independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We did not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the date of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 October 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,

Mazars CPA Limited
Certified Public Accountants

The estimate of the combined loss of the Group for the year ended 31 March 2018 is set out in the section headed "Financial Information – Loss estimate for the year ended 31 March 2018" in this Prospectus.

A. LOSS ESTIMATE FOR THE YEAR ENDED 31 MARCH 2018

The estimate of the combined loss of the Group for the year ended 31 March 2018 prepared by the Directors is based on (i) the audited combined results of the Group for the seven months ended 31 October 2017; (ii) the unaudited combined results of the Group based on the management accounts for the five months ended 31 March 2018. The estimate has been prepared, in all material aspects, in accordance with the accounting policies consistent with those normally adopted by the Group as summarised in the Accountants' Report, the text of which is set out in Appendix I to this Prospectus.

Loss estimate for the year ended 31 March 2018.

	Estimate for the year ended 31 March 2018
Estimate combined loss attributable to owners of the Company	Not more than HK$9 million

Note: The estimate combined loss attributable to owners of the Company for the year ended 31 March 2018 has taken into account of the expected listing expenses incurred for the year ended 31 March 2018 of approximately HK$13.2 million.

B. LETTER FROM THE INDEPENDENT REPORTING ACCOUNTANTS

The following is the text of a letter received from the independent reporting accountants of the Company, Mazars CPA Limited, Certified Public Accountants, Hong Kong, in respect of the Group's loss estimate for the year ended 31 March 2018 prepared for the purpose of incorporation in this prospectus.

M MAZARS

MAZARS CPA LIMITED
瑪澤會計師事務所有限公司
42nd Floor, Central Plaza
18 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道18號中環廣場42樓
Tel 電話: (852) 2909 5555
Fax 傳真: (852) 2810 0032
Email 電郵: info@mazars.hk
Website 網址: www.mazars.hk

30 April 2018

The Directors
Elegance Commercial and Financial Printing Group Limited
VBG Capital Limited

Dear Sirs,

Elegance Commercial and Financial Printing Group Limited
(Formerly known as "Elegance Group Limited") (the "Company")

Loss estimate for the year ended 31 March 2018

We refer to the estimate of the combined loss of the Company and its subsidiaries (collectively referred to as the "Group") attributable to owners of the Company for the year ended 31 March 2018 (the "Loss Estimate") set forth in the section headed "Appendix IIB – Loss Estimate for the Year Ended 31 March 2018" in the prospectus of the Company dated 30 April 2018 (the "Prospectus").

Directors' responsibilities

The Loss Estimate has been prepared by the directors of the Company based on the audited combined results of the Group for the seven months ended 31 October 2017, the unaudited combined results based on the management accounts of the Group for the five months ended 31 March 2018.

The Company's directors are solely responsible for the Loss Estimate.

Reporting accountants' independence and quality control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We apply Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Loss Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Loss Estimate in accordance with the bases adopted by the directors of the Company and as to whether the Loss Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Loss Estimate has been properly compiled in accordance with the bases adopted by the directors of the Company as set out in Appendix IIB to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated 30 April 2018, the text of which is set out in Appendix I to the Prospectus.

Yours faithfully,

Mazars CPA Limited
Certified Public Accountants

C. LETTER FROM THE SOLE SPONSOR

The following is the text of a letter, prepared for inclusion in this prospectus, received from the Sole Sponsor, in relation to the Group's loss estimate for the year ended 31 March 2018.

30 April 2018

The Board of Directors
2402, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Dear Sirs,

We refer to the estimate of the combined loss of Elegance Commercial and Financial Printing Group Limited (the "**Company**", together with its subsidiaries, herein collectively referred to as the "**Group**") attributable to owners of the Company for the year ended 31 March 2018 (the "**Loss Estimate**"), as set out in the Loss Estimate section of prospectus dated 30 April 2018 issued by the Company (the "**Prospectus**").

The Loss Estimate, for which you as the directors of the Company ("**Directors**") are solely responsible, has been prepared by the Directors based on (i) the audited combined results of the Group for the seven months ended 31 October 2017 as set out in Appendix I to the Prospectus; (ii) the unaudited combined results based on the management accounts of the Group for the five months ended 31 March 2018.

We have discussed with you the bases and assumptions made by the Directors as set forth in Part A of Appendix IIB to the Prospectus upon which the Loss Estimate has been made. We have also considered the letter dated 30 April 2018 addressed to you and us from the Company's reporting accountants, Mazars CPA Limited, regarding the accounting policies and calculations upon which the Loss Estimate has been made.

On the basis of the foregoing and on the bases and assumptions made by you and the accounting policies and calculations adopted by you and reviewed by Mazars CPA Limited, we are of the opinion that the Loss Estimate, for which you as Directors are solely responsible, has been made after due and careful enquiry.

Yours faithfully,

For and on behalf of
VBG Capital Limited

Yau Wai, Sheron
Managing Director

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of the Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 24 January 2017 under the Cayman Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (the "**Memorandum**") and its Amended and Restated Articles of Association (the "**Articles**").

1. Memorandum of Association

(a) The Memorandum provides, inter alia, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. Articles of Association

The Articles were conditionally adopted on 19 April 2018 with effect from the Listing Date. A summary of certain provisions of the Articles is set out below.

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Cayman Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall mutatis mutandis apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a shareholder being a corporation, by its duly authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; and (g) change the currency of denomination of its share capital.

(iv) Transfer of shares

Subject to the Cayman Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the GEM Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) Power of the Company to purchase its own shares

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(b) Directors

(i) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the “retirement by rotation” provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

(aa) resign;

(bb) dies;

(cc) is declared to be of unsound mind and the Board resolves that his office be vacated;

(dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(ee) he is prohibited from being or ceases to be a director by operation of law;

(ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;

(gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or

(hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iv) Borrowing powers

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) Disclosure of interest in contracts with the Company or any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

(aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(ix) Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(d) Meetings of member

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) Voting rights and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the GEM Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

(A) at least two members;

(B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) days and not less than twenty (20) business days. All other general meetings must be called by notice of at least fourteen (14) days and not less than ten (10) business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Law and the GEM Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(e) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarised financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(f) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;

(ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and

(iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

(aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(g) Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

(h) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(i) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the surplus assets available for distribution among the members are insufficient to repay the whole of the paid-up capital, such assets shall be distributed, subject to the rights of any shares which may be issued on special terms and conditions, so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(j) Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. Cayman Islands Company Law

The Company was incorporated in the Cayman Islands as an exempted company on 24 January 2017 subject to the Cayman Companies Law. Certain provisions of the Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

Under Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(i) paying distributions or dividends to members;

(ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(iii) any manner provided in section 37 of the Cayman Companies Law;

(iv) writing-off the preliminary expenses of the company; and

(v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

Subject to a solvency test, as prescribed in the Cayman Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of Foss v. Harbottle and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that:

(i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

(ii) no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(aa) on or in respect of the shares, debentures or other obligations of the Company; or

(bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of 20 years from 21 February 2017.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

(o) Register of Directors and officers

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 60 days of any change in such directors or officers, including a change of the name of such directors or officers.

(p) Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(q) Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(s) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. General

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix V. Any person wishing to have a detailed summary of the Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 24 January 2017 under the Companies Law. Our registered address is at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KYI-1108, Cayman Islands. We have registered a place of business in Hong Kong at 2402, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong and have been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance. Ms. Kent Shun Ming has been appointed as our agent for the acceptance of service of process and notices in Hong Kong. The address for service of process on the Company in Hong Kong is the same as its registered place of business in Hong Kong set out above.

As we are incorporated in the Cayman Islands, our corporate structure, our Memorandum of Association and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of the relevant provisions of our Memorandum of Association and Articles of Association and certain relevant aspects of Companies Law are set out in Appendix III to this prospectus.

2. Changes in share capital

As at the date of our incorporation, the authorised share capital of our Company was HK$380,000 divided into 38,000,000 Shares of par value of HK$0.01 each. The following sets out the changes in our Company's issued share capital since the date of its incorporation:

(a) On 24 January 2017, one Share was allotted and issued as fully paid to the initial subscriber. On the same date, the initial subscriber transferred that one Share to Glorytwin;

(b) On 19 April 2018, the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$1,000,000,000 divided into 100,000,000,000 Shares of par value of HK$0.01 each by the creation of an additional 99,962,000,000 Shares.

Immediately following the completion of the Share Offer and the Capitalisation Issue (taking no account of any Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme), our authorised share capital upon completion of the Share Offer will be HK$1,000,000,000 divided into 100,000,000,000 Shares, of which 440,000,000 Shares will be issued fully paid or credited as fully paid, and 99,560,000,000 Shares will remain unissued.

Save as disclosed in this prospectus, there has been no alteration in our Company's share capital since the date of our incorporation.

3. Written resolutions of our Shareholders passed on 19 April 2018

Pursuant to the written resolutions of the Shareholders of our Company passed on 19 April 2018, our Shareholders resolved that (among others):

(a) the Memorandum of Association and Articles of Association were approved and adopted conditional upon Listing;

(b) the authorised share capital of our Company was increased to HK$1,000,000,000 divided into 100,000,000,000 Shares;

(c) conditional upon all the conditions set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus being fulfilled:

(i) the Share Offer, the proposed Listing of the Shares on the GEM of the Stock Exchange be and are hereby approved and the Board (or any committee thereof established by the Board pursuant to the Articles of Association) be and is hereby authorised to make or effect such modifications as it thinks fit;

(ii) the Board (or any committee thereof established by the Board pursuant to the Articles of Association) be and is hereby authorised to allot and issue, and approve the transfer of such number of Shares in connection with the Share Offer;

(iii) the Board (or any committee thereof established by the Board pursuant to the Articles of Association) be and is hereby authorised to agree the price per Offer Share with the Joint Lead Managers;

(iv) conditional on the share premium account of our Company being credited as a result of the Share Offer, the sum of HK$3,299,999.99 standing to the credit of our share premium account be capitalised and be applied in paying up in full at par 329,999,999 Shares for allotment and issue to the Shareholders whose names are on the register of members of our Company as at or immediately prior to 8:00 a.m. on the Listing Date (or such other date and time as may be agreed between the Joint Lead Managers and our Company in writing) in proportion (as nearly as possible without involving fractions so that no fraction of a Share shall be allotted and issued) to their then existing shareholdings in our Company, each ranking pari passu in all respects with the then existing issued Shares, and our Directors were authorised to give effect to such capitalisation and distributions and the Capitalisation Issue was approved;

(v) a general unconditional mandate be and is hereby given to our Directors to exercise all the powers of our Company to allot, issue and deal with Shares or securities convertible into Shares and to make or grant offers or agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive Shares) which might require Shares to be allotted, issued or dealt with, otherwise than pursuant to a rights issue or pursuant to the exercise of any subscription rights attaching to any warrants which may be allotted and issued by our Company from time to time on a specific authority granted by the Shareholders in general meetings or, pursuant to the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles Association, Shares not exceed 20% of the aggregate nominal value of the Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue, such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any applicable laws, or until being revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever occurs first;

(vi) a general unconditional mandate was given to the Directors authorising them to exercise all the powers of our Company to repurchase its own Shares on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue, such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any applicable laws, or until being revoked or varied by an ordinary resolution of Shareholders in a general meeting, whichever occurs first;

(vii) the general mandate mentioned in paragraph (c) above be extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to purchase Shares referred to in paragraph (d) above; and

(viii) the Share Option Scheme be approved and adopted and our Directors be authorised to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme.

4. Repurchases of our own Shares

This section includes information relating to the repurchase of our Shares, including information required by the Stock Exchange to be included in this prospectus concerning such repurchase.

(a) Relevant legal and regulatory requirements

The GEM Listing Rules permit our shareholders to grant to our Directors a general mandate to repurchase our Shares that are listed on the Stock Exchange. Such mandate is required to be given by way of an ordinary resolution passed by our shareholders in a general meeting.

(b) Shareholders' approval

All proposed repurchases of Shares (which must be fully paid up) must be approved in advance by ordinary resolutions of our shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

On 19 April 2018, our Directors were granted a general unconditional mandate to repurchase up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer on the Stock Exchange or on any other stock exchange on which our securities may be listed and which is recognised by the SFC and the Stock Exchange for this purpose. This mandate will expire at the earliest of (i) the conclusion of our next annual shareholders' general meeting, (ii) the date by which our next shareholders' general meeting is required by applicable laws and our Articles of Association to be held, or (iii) such mandate being revoked or varied by ordinary resolutions of our shareholders in a general meeting (the "**Relevant Period**").

(c) Source of funds

Our repurchase of the Shares listed on the Stock Exchange must be funded from the funds legally available for the purpose in accordance with our Memorandum of Association and Articles of Association and the applicable laws of the Cayman Islands. We may not repurchase our Shares on the Stock Exchange for consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

(d) Core connected persons

A company is prohibited from knowingly buying back securities from a ''core connected person'', that is, a director, chief executive or Substantial Shareholder of our Company or any of their respective close associates and a core connected person shall not knowingly sell his securities to our Company, on the Stock Exchange.

(e) Status of repurchased Shares

The listing of all repurchased Shares (whether offered on the Stock Exchange or otherwise) on GEM will automatically be cancelled and the certificates for those Shares shall be cancelled and destroyed.

(f) Trading restrictions

The total number of shares which a listed company may repurchase on GEM is the number of shares representing up to a maximum of 10% of the aggregate number of shares of that company in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or higher than the average closing market price for the five preceding trading days on which its shares were traded on GEM. The GEM Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant minimum prescribed percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(g) Suspension of repurchase

A listed company may not make any repurchase of securities on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of a listed company's results for any year, half-year, quarter-year or any other interim period (whether or not required under the GEM Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year, half-year or quarter-year under the GEM Listing Rules, or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on GEM if a listed company has breached the GEM Listing Rules.

(h) Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(i) Reasons for Repurchases

Our Directors believe that it is in our Company and our Shareholders' best interests for our Directors to have general authority to execute repurchases of our Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and our Shareholders.

(j) Funding of Repurchases

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with our Memorandum of Association and Articles of Association, the applicable laws of the Cayman Islands and the GEM Listing Rules. Under the Cayman Islands Law, any repurchases by our Company may be made either (a) out of profits of our Company; or (b) out of the proceeds of a fresh issue of Shares made for the purpose of repurchase; or (c) out of capital, if so authorised by the Articles and subject to the provisions of the Companies Law; or (d) in the case of any premium payable on a purchase over the par value of the Shares to be repurchased, it must be provided for, out of either or both the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Articles and the Companies Law, out of capital.

On the basis of the current financial position of our Company as disclosed in this prospectus and taking into account the current working capital position of our Company, our Directors believe that, if the repurchase mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or the gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the repurchase mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

(k) Share capital

The exercise in full of the current repurchase mandate, on the basis of 440,000,000 Shares in issue immediately after completion of the Share Offer, could accordingly result in up to 44,000,000 Shares being repurchased by us during the Relevant Period.

(l) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the GEM Listing Rules) currently intends to sell any of our Shares to us or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the GEM Listing Rules, our Memorandum of Association and Articles of Association, the Companies Law and any other applicable laws of the Cayman Islands.

If, as a result of any repurchase of our Shares, a shareholders' proportionate interest in our voting rights is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Our Directors are not aware of any consequences of repurchases which would arise under the Takeovers Code.

Our Directors will not exercise the repurchase mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the GEM Listing Rules).

No core connected person (as defined by the GEM Listing Rules) has notified us that he or it has a present intention to sell his or its Shares to us, or has undertaken not to do so, if the repurchase mandate is exercised.

5. Changes in the Share Capital of Subsidiaries

Our subsidiaries are referred to in the Accountants' Report, the text of which is set out in Appendix I to this prospectus. Save as disclosed in the section headed "History, Reorganisation and Corporate Structure — Reorganisation" in this prospectus, there has been no alteration to the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

6. Corporate Reorganisation

The companies comprising our Group underwent the Reorganisation in preparation for the Listing. Please refer to the section "History, Reorganisation and Corporate Structure — Reorganisation" in this prospectus.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that are or may be material:

(a) a share swap agreement dated 30 April 2017 entered into between Ching Art Production, Mr. Leung and Elegance Printing Holding BVI, pursuant to which Ching Art Production and Mr. Leung transferred 990,000 shares and 110,000 shares in Elegance Printing HK to Elegance Printing Holding BVI, in consideration of Elegance Printing Holding BVI allotting 9 shares and 1 share to our Company, respectively;

(b) a share swap agreement dated 30 April 2017 entered into between Elegance Printing Group BVI and Elegance Printing Services Holding BVI, pursuant to which Elegance Printing Group BVI transferred 1,000 shares in Elegance Finance Printing Services HK to Elegance Printing Services Holding BVI, in consideration of Elegance Printing Services Holding BVI allotting 10 shares to our Company;

(c) the Deed of Indemnity;

(d) the Deed of Non-competition; and

(e) the Public Offer Underwriting Agreement.

2. Intellectual property rights

As at the Latest Practicable Date, our Group had registered or has applied for the registration of the following intellectual property rights which are material in relation to our Group's business.

(a) Trademarks

(i) As at the Latest Practicable Date, our Group had registered the following trademark which is material in relation to our Group's business:

Trademark	Proprietor	Territory of registration	Class	Registration number	Date of Registration	Expiry date
	Elegance Printing HK	Hong Kong	42	199402420	30 November 1992	30 November 2023

(b) Domain Names

As at the Latest Practicable Date, our Group had registered the following domain names which are material in relation to our Group's business:

Domain Name	Registrant	Expiry date
elegance.hk	Elegance Printing HK	3 June 2023
eleganceholdings.com	Elegance Printing HK	23 November 2022
hkepg.com	Elegance Printing HK	20 May 2020

Information contained in the above websites do not form part of this prospectus.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

(a) Interests and short positions of the Directors and the chief executive officer of our Company in the shares, underlying shares and debentures of our Company and its associated corporations

So far as our Directors are aware, immediately following completion of the Share Offer (without taking into account any Shares that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme), the interests and short positions of our Directors and chief executive officer of our Company in the equity or debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) once the Shares are listed, or which will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to us and the Stock Exchange or which will be required pursuant to 352 of the SFO to be entered in the register referred to therein once the Shares are listed, are as follows:

(i) Interests in the Shares of our Company

Name of Director/ Chief Executive Officer	Name of Group member	Nature of interest	Number and class of securities(1)	Percentage of interest immediately after completion of the Share Offer
Mr. So	Our Company	Deemed interest, interest of controlled company(2)	330,000,000 Shares (L)	75%

Notes:

(1) The letter "L" denotes the person's long position in such Shares.

(2) The Shares are registered in the name of Glorytwin, the issue share capital of which is legally and beneficially owned as to 90% by Colorful Bay. Colorful Bay is legally and beneficially owned as to 100% by Mr. So. Therefore by virtue of the SFO, Mr. So is deemed to have the interest owned by Glorytwin.

(ii) Interests in the shares of the associated corporation of our Company

Name of Director/ Chief Executive Officer	Name of associated corporation	Nature of interest	Number and class of securities[1]	Percentage of shareholding
Mr. So	Colorful Bay	Beneficial owner[2]	1 share (L)	100%
	Glorytwin	Deemed interest, interest of controlled company[2]	100 shares (L)	100%

Notes:

(1) The letter "L" denotes the person's long position in such shares.

(2) Glorytwin is legally and beneficially owned as to 90% by Colorful Bay. Colorful Bay is legally and beneficially owned as to 100% by Mr. So. Therefore by virtue of the SFO, Mr. So is deemed to have the interest owned by Glorytwin.

(b) Interests and short positions of the Substantial Shareholders in the Shares and underlying Shares of our Company

So far as our Directors are aware, the following persons (other than a Director or the chief executive of our Company) will, immediately following the completion of the Share Offer, have interests or short positions in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name of shareholder	Name of Group member	Nature of interest	Number and class of securities[1]	Percentage of interest immediately after completion of the Share Offer
Glorytwin	Our Company	Beneficial owner[2]	330,000,000 Shares (L)	75%
Colorful Bay	Our Company	Deemed interest, interest of controlled company[2]	330,000,000 Shares (L)	75%

(c) Interests of the Substantial Shareholder of any member of our Group (other than our Company)

Name of shareholder	Name of subsidiary	Nature of interest	Number and class of securities[1]	Percentage of shareholding
Ms. Wong	Teamco Translation	Beneficial owner	225,000 shares (L)	15%

Notes:

(1) The letter "L" denotes the person's long position in the shares.

(2) Glorytwin is legally and beneficially owned as to 90% by Colorful Bay. Therefore by virtue of the SFO, Colorful Bay is deemed to have the interest owned by Glorytwin.

So far as our Directors are aware, save as disclosed above, no person (other than members of our Group) will, immediately following the completion of the Share Offer, be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

2. Arrangement with our Directors

(a) Disclosure of interests of our Directors

Each of Mr. So and Mr. Leung is interested in the Reorganisation and the transactions as contemplated under the material contracts as set out in the section headed "Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts" of this Appendix.

Save as disclosed in this prospectus, none of our Directors or their associates were engaged in any dealings with our Group during the two years preceding the date of this prospectus.

(b) Service contracts of our Directors

Executive Directors

Each of the executive Directors has entered into a service contract with our Company for a term of three years commencing from the Listing Date until terminated by not less than three months' notice in writing served by either party on the other and is subject to termination provisions therein and provisions on vacation of Directors, removal and retirement by rotation of our Directors as set forth in the Articles of Association. Each of the executive Directors is entitled to their respective basic salaries set out below.

The current basic annual salaries (exclusive of discretionary bonuses, if any) of the executive Directors payable under their service contracts are as follows:

Name	**Annual salary** *(HK$)*
Mr. So	Nil
Mr. Leung	720,000

Independent Non-executive Directors

Each of the independent non-executive Directors has been appointed for an initial term of three years commencing from the Listing Date, which shall be renewed and extended automatically for successive terms of one year upon expiry of the then current term until terminated by either party giving not less than three months' written notice to the other expiring at the end of the initial term of their appointment or any time thereafter. The appointments are subject to the provisions of the Articles of Association with regard to vacation of office of Directors, removal and retirement by rotation of Directors. Each of the independent non-executive Directors is entitled to a director's fee of HK$120,000 per annum. Save for directors' fees, none of the independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Save as aforesaid, none of the Directors has or is proposed to have a service contract with our Company or any of our subsidiaries other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

(c) Directors' remuneration

The aggregate amount of remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) which were paid to our Directors for the two years ended 31 March 2017 and the seven months ended 31 October 2017, were approximately HK$1.0 million, HK$836,000 and HK$476,000 respectively.

Under the arrangements in force as at the Latest Practicable Date, the estimated aggregate amount of remuneration (exclusive of discretionary bonuses, if any) payable to, and benefits in kind receivable by, our Directors in respect of the financial year ended 31 March 2018, is estimated to be approximately HK$786,000 in aggregate.

(d) Fees or commissions received

Save as disclosed in this prospectus, none of the Directors nor any of the persons whose names are listed in the paragraph entitled "E. Other Information — 11. Consents of experts" in this Appendix had received any commissions, discounts, agency fees, brokerages, or other special terms in connection with the issue or sale of any capital of our Company or any of our subsidiaries within the two years preceding the date of the prospectus.

(e) Disclaimers

Save as disclosed in this prospectus:

(i) none of our Directors or chief executive of our Company has any interest or short position in the Shares, underlying shares and debentures of our Company, or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or will be required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to our Company and the Stock Exchange, in each case once our Shares are listed;

(ii) none of our Directors nor any of the parties listed in the paragraph entitled "E. Other Information — 11. Consents of experts" in this Appendix is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(iii) none of our Directors nor any of the parties listed in the paragraph entitled "E. Other Information — 11. Consents of experts" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is unusual in its nature or conditions or significant in relation to the business of our Group;

(iv) save for the Underwriting Agreements, none of the parties listed in the paragraph entitled "Consents of Experts" in this Appendix is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries, or has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities;

(v) within the two years immediately preceding the date of this prospectus, no commission, discount, brokerage (other than the Underwriting Agreement) or other special item has been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

(vi) within the two years immediately preceding the date of this prospectus, no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscriptions or agreeing to procure subscriptions of any shares in our Company; and

(vii) so far as is known to our Directors, none of our Directors or Shareholders who are interested in 5% or more of our issued share capital or their associates has any interest in either our five largest suppliers or five largest customers.

D. SHARE OPTION SCHEME

The following is a summary of the principal terms of our Share Option Scheme, conditionally adopted by a written resolution of our Shareholders passed on 19 April 2018. The terms of our Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

1. Purpose of our Share Option Scheme

The purpose of our Share Option Scheme is to recognise and acknowledge the contributions made by the Participants, to attract skilled and experienced personnel, to incentivise them to remain with our Company and to motivate them to strive for the future development and expansion of our Company and its subsidiaries, by providing them with the opportunity to acquire equity interests in our Company.

2. Participants of our Share Option Scheme and the basis of determining the eligibility of the participants

Our Board may from time to time grant options to any individual who is an employee of our Group (including directors) or any entity in which our Company holds any equity interest (the "**Invested Entity**") and such other persons who has or will contribute to our Company as approved by our Board from time to time (the "**Participants**") on the basis of their contribution to the development and growth of our Group.

3. Status of our Share Option Scheme

(a) Conditions of our Share Option Scheme

Our Share Option Scheme shall take effect subject to: (i) the commencement of dealings in our Shares on the Stock Exchange; (ii) the passing of the necessary resolutions to adopt our Share Option Scheme by our Shareholders; (iii) the obligations of the underwriters under the Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms thereof or otherwise; and (iv) the Listing Division approving the listing of and permission to deal in any Shares to be allotted and issued pursuant to the exercise of options under our Share Option Scheme (the "**Conditions**").

(b) Life of our Share Option Scheme

Our Share Option Scheme shall be valid and effective for 10 years from the date on which the last of the Conditions is fulfilled (the "**Scheme Period"**), after which time no further option will be granted but the provisions of our Share Option Scheme shall remain in full force and effect in all other respects. The total number of Shares that may be allotted and issued upon the exercise of all options to be granted under our Share Option Scheme initially must not in aggregate exceed the number of shares in issue as at the Listing Date.

4. Grant of options

(a) Making of an offer

An offer of the grant of an option shall be made to a Participant by letter (the "**Offer Letter**") in such form as our Board may from time to time determine, requiring the Participant to undertake to hold the option on the terms on which it is to be granted (which may include a minimum period for which the option must be held before it can be exercised and a performance target that must be reached before the option can be exercised in whole or in part) and to be bound by the provisions of our Share Option Scheme (including any operational rules made under our Share Option Scheme). The offer shall remain open for acceptance for such time to be determined by our Board provided that no such offer shall be open for acceptance after the expiry of the Scheme Period or after the termination of our Share Option Scheme.

(b) Acceptance of an offer

An option shall be deemed to have been granted to (subject to certain restrictions in our Share Option Scheme), and accepted by, the Participant (the "**Grantee**") and to have taken effect after we receive the Offer Letter signed by the Grantee together with a remittance in favour of our Company of HK$1.0 or the equivalent amount in any currency by way of consideration for the grant of the option on or before the last day for acceptance as defined by our Board. The remittance is not in any circumstances refundable. Once accepted, the option is granted as from the date on which it was offered to the relevant Grantee.

(c) Restrictions on time of grant

No grant of options shall be made after a inside information in relation to the securities of our Company has occurred or inside information matter in relation to the securities of our Company has been the subject of a decision, until the inside information has been announced pursuant to the requirements of the GEM Listing Rules. In particular, no option shall be granted during the period of one month immediately preceding the earlier of:

(i) the date of our Board meeting as shall have been notified to the Stock Exchange for the approval of our Company's results for any year, half-year or quarterly or any other interim period (whether or not required under the GEM Listing Rules); and

(ii) the deadline for our Company to publish an announcement of its results for any year or half-year under the GEM Listing Rules or quarterly or other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcement. The period during which no option may be granted will cover any period of delay in the publication of a results announcement.

(d) Grant to connected persons

Any grant of options to a connected person must be approved by all our independent non-executive Directors who is not a proposed Grantee of the options.

(e) Grant to Substantial Shareholders and independent non-executive Directors

Without prejudice to paragraph 4(d) above, any grant of options to a substantial shareholder or an independent non-executive Director of our Company or any of their respective associates must be approved by our Shareholders in general meeting if our Shares issued and to be issued upon exercise of all options already granted and proposed to be granted to him (whether exercised, cancelled or outstanding) in the 12-month period up to and including the proposed date of such grant:

(i) would represent in aggregate more than 0.1% of our Shares then in issue; and

(ii) would have an aggregate value, based on the closing price of our Shares at the date of each grant, in excess of HK$5 million (or such other amount as shall be permissible under the GEM Listing Rules from time to time).

(f) Proceedings in general meeting to approve the grant of option

At the general meeting to approve the proposed grant of options under paragraph (e), the grantee, his associates and all core connected persons of our Company must abstain from voting unless intending to vote against the proposed grant. At such general meeting, the vote to approve the grant of such options must be taken on a poll in accordance with the relevant provisions of the GEM Listing Rules.

5. Subscription price

The price per Share at which a Grantee may subscribe for Shares upon exercise of an option (the "**Subscription Price**") shall, subject to any adjustment pursuant to paragraph 7 below, be a price determined by our Board in its sole and absolute discretion but in any event shall be at least the highest of:

(i) the closing price of our Shares as stated in the stock Exchange's daily quotations sheets on the date on which the option is offered, which must be a business day (the "**Offer Date**");

(ii) the average of the closing prices of our Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date; and

(iii) the par value of our Shares,

except that for the purposes of calculating the Subscription Price under paragraph 5(ii) above for an option offered within five business days of the Listing Date, the price at which our Shares are to be offered for subscription pursuant to the Share Offer shall be used as the closing price for any business day falling within the period before the Listing Date.

6. Maximum number of Shares available for subscription

(a) Scheme Mandate

Subject to sub-paragraphs 6(b) and 6(c) below, the maximum number of Shares in respect of which options may be granted under our Share Option Scheme and any other share option schemes of our Company shall not in aggregate exceed the number of shares that shall represent 10% of the total number of Shares in issue as of the Listing Date (the "**Scheme Mandate**") being 44,000,000 Shares. For the purpose of calculating the Scheme Mandate, options which have lapsed in accordance with the terms of the relevant scheme shall not be counted in calculating the 10% limit.

(b) Renewal of Scheme Mandate

Our Company may seek approval by our Shareholders in general meeting for renewing or increasing the Scheme Mandate provided that the total number of Shares in respect of which options may be granted under our Share Option Scheme and any other schemes of our Company under the Scheme Mandate as renewed must not exceed 10% of the total number of Shares in issue as at the date of our Shareholders' approval. Options previously granted under our Share Option Scheme and any other Share Option Schemes of our Company, whether outstanding, cancelled, lapsed in accordance with its applicable rules or already exercised, will not be counted for the purpose of calculating the limit as renewed.

For the purpose of seeking the approval of our Shareholders under this sub-paragraph 6(b), a circular containing the information required under Rule 23.02(2)(d) of the GEM Listing Rules and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules must be sent to our Shareholders.

(c) Grant of Options beyond Scheme Mandate

Our Company may seek separate approval by our Shareholders in general meeting for granting options beyond the Scheme Mandate provided that the options in excess of the Scheme Mandate are granted only to Participants who are specifically identified before such approval in sought.

For the purpose of seeking the approval of our Shareholders under this sub-paragraph (6)(c), our Company must send a circular to our Shareholders containing a generic description of the specified Grantees who may be granted such options, the number and terms of the options to be granted, the purpose of granting such options to the Grantees with an explanation as to how the terms of options serve such purpose and the information required under Rule 23.02(2)(d) of the GEM Listing Rules and the disclaimer as required under 23.02(4) of the GEM Listing Rules.

(d) Maximum number of Shares issued pursuant to Options

Notwithstanding anything to the contrary in our Share Option Scheme, the maximum limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under our Share Option Scheme and any other schemes of our Company must not exceed such number of Shares as shall represent 30% of our Shares in issue from time to time. No options may be granted if such grant will result in this 30% limit being exceeded.

(e) Grantee's maximum holding

Unless approved by our Shareholders in general meeting in the manner prescribed in the GEM Listing Rules, our Board shall not grant options to any Grantee if the acceptance of those options would result in the total number of shares issued and to be issued to that Grantee on exercise of his options during any 12-month period exceeding 1% of the total Shares then in issue.

Where any further grant of options to a Grantee, if exercised in full, would result in the total number of Shares already issued or to be issued upon exercise of all options granted and to be granted to such Grantee (including exercised, cancelled and outstanding options) in any 12-month period up to and including the date of such further grant exceeding 1% of the total number of Shares in issue, such further grant must be separately approved by our Shareholders in general meeting with such Grantee and his close associates (or his associates if the Grantee is a connected person) abstaining from voting. Our Company must send a circular to our Shareholders and the circular must disclose the identity of the Grantee, the number and terms of the options to be granted and options previously granted to such Grantee and the information required under the GEM Listing Rules. The number and terms (including the Subscription Price) of the options to be granted to such Participant must be fixed before our Shareholders' approval. The date of the Board meeting for proposing such further grant of option should be taken as the date of grant for the purpose of calculating the Subscription Price.

(f) Adjustment

The number of Shares subject to the options issued pursuant to our Share Option Scheme may be adjusted in such manner as our Company's independent financial adviser or auditor (acting as expert and not as arbitrator) shall certify in writing to our Board to be in its opinion fair and reasonable in accordance with sub-paragraph 7(b) below.

7. Reorganisation of capital structure

(a) Adjustment of options

In the event of any alteration in the capital structure of our Company whilst any option becomes or remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which our Company is a party), our Board shall make (and shall notify to the Grantee) such corresponding alterations (if any) to:

(i) the number of Shares subject to the option so far as unexercised;

(ii) the Subscription Price; or

(iii) the number of Shares subject to our Share Option Scheme;

that are required to give each Grantee as near as possible the same proportion of share capital as that to which the Grantee was previously entitled (as interpreted in accordance with the Supplementary Guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to Share Option Schemes), but not so that the effect would be to enable any Share to be issued to a Grantee at less than its nominal value, provided that no adjustments to the Subscription Price and number of Shares should be made to the advantage of the Participants without specific prior approval of our Shareholders.

(b) Auditors/independent financial adviser confirmation

On any capital reorganisation other than a capitalisation issue, the auditors or an independent financial adviser shall certify in writing to our Board that the adjustments made by our Board pursuant to sub-paragraph 7(a) above are in their opinion fair and reasonable.

8. Cancellation of options

Subject to the consent from the relevant Grantee, our Board may at its discretion cancel options previously granted to and yet to be exercised by a Grantee for the purpose of re-issuing new options to that Grantee provided that there are sufficient available unissued options under the Scheme Mandate as renewed from time to time (excluding such cancelled options) in accordance with the terms of our Share Option Scheme. No compensation shall be payable to the grantee for cancellation of the options granted but not exercised.

9. Assignment of options

An option is personal to the Grantee and shall not be transferable or assignable.

10. Options attached to our Shares

Our Shares to be allotted upon exercise of an option will be subject to all the provisions of our Articles of Association and will rank pari passu with the fully paid Shares in issue as from the day when the name of the Grantee is registered on the register of members of our Company (the "**Registration Date**"). Accordingly our Shares will entitle the holders to participate in all dividends or other distributions paid or made on or after the Registration Date other than any dividends or other distributions previously declared or recommended or resolved to be paid or made with respect to a record date which is before the Registration Date.

A Share issued upon the exercise of an option shall not carry any voting rights until the registration of the Grantee or his nominee as the holder of the Share on the register of members of our Company.

Unless otherwise regulated by applicable law, a Grantee shall have no rights as Shareholder with respect to any Shares covered by an option before such Grantee exercises the option.

11. Exercise of options

(a) General

The period during which an option may be exercised in accordance with the terms of our Share Option Scheme (the "**Option Period**") shall be the period of time to be notified by our Board to each Grantee, which our Board may in its absolute discretion determine, save that such period shall not be more than ten years commencing on the Offer Date.

(b) Rights of Grantee upon his retirement or death

If the Grantee ceases to be a Participant by reason of retirement, death or disability, the option shall vest immediately at the date of cessation and the Grantee or his legal personal representative shall be entitled within a period of 12 months from the date of retirement or death (or within such longer period as our Board may determine) to exercise the option (to the extent not already exercised).

(c) Rights of Grantee upon his cessation of employment under certain circumstances

In the Grantee ceases to be a Participant for any reason other than his retirement or death or disability or termination of his employment on one or more of the grounds specified in subparagraph 12(iv) below or the termination of his business relation with the relevant member of our Group, the Grantee may exercise the option up to his or her entitlement at the date of cessation.

(d) Rights on a takeover

In the event a general or partial offer, whether by way of take-over offer, or a take-over by way of a scheme of arrangement or otherwise in like manner, is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror and the take-over offer becomes or is declared unconditional, the grantee shall be entitled to exercise the option (to the extent not already exercised), within one month from the date the take-over offer is declared unconditional.

(e) Rights on a voluntary winding up

In the event of a notice is given by our Company to our Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it dispatches such notice to each of our Shareholders give notice to all Grantees (together with a notice of the existence of the provisions of this sub-paragraph 11(e)). Upon receipt of such notice, each Grantee (or where permitted under sub-paragraph 11(b) his legal personal representative(s)) shall be entitled to exercise all or any of the option (to the extent which has become exercisable and not already exercised) at any time not later than two (2) business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for our Shares in respect of which the notice is given. Upon receipt of such notice together with the remittance by our Company, our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid. The allotted Shares shall rank pari passu with all other Shares in issue on the date prior to the passing of the resolution to wind-up our Company to participate in the distribution of assets of our Company available in liquidation.

(f) Rights on a compromise or arrangement

If a compromise or arrangement between our Company and our Shareholders or creditors is proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies, our Company shall give notice to the Grantee on the same day as it gives notice of the meeting to our Shareholders or creditors to consider the compromise or arrangement. Upon receipt of the notice, the Grantee may, during the period commencing on the date of the notice and ending on the earlier of:

(i) the date two calendar months thereafter; and

(ii) the date on which such compromise or arrangement is sanctioned by the court, exercise the option (to the extent not already exercised), conditional upon the compromise or arrangement being sanctioned by the court and becoming effective. With effect from the date of such meeting, the rights of all Grantees to exercise their respective options shall forthwith be suspended. Our Company may require the Grantee to transfer or otherwise deal with our Shares issued as a result of the exercise of options in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to the compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court) the rights of Grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full and shall thereupon become exercisable (but subject to the other terms of this Share Option Scheme) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid suspension.

12. Lapse of options

An option where vested or unvested shall lapse automatically (to the extent not already exercised) on the earliest of:

(i) the expiry of the Option Period;

(ii) the expiry of the periods referred to in sub-paragraphs 11(a) to (f) above;

(iii) in respect of a Grantee (being a Director or employee of our Group or Invested Entity) who ceases to be engaged by our Group or the Invested Entity by reasons other than termination of employment on grounds under paragraph 12(iv) below, the last date on which such Grantee was at work with our Group or the Invested Entity (whether salary is paid in lieu of notice or not);

(iv) the date on which the Grantee (being a Director or employee of our Group or Invested Entity) ceases to be a Participant by reason of the termination of his employment on any one or more of the following grounds:

(a) that he has been guilty of misconduct; or

(b) that he has committed an act of bankruptcy or has become insolvent or has made an arrangement or composition with creditors generally; or

(c) that he has been convicted of a criminal offence involving his integrity or honesty; or

(d) any misconduct based on the sole and absolute option of our Company; or

(e) and a resolution of our Board or our Board of Directors of the relevant subsidiary of our Company to the effect that the employment of a Grantee has or has not been terminated on one or more of the grounds specified in this sub-paragraph 12(iv) shall be conclusive;

(v) in the event of the Grantee not being a Director or employee of our Group or Invested Entity, the date on which our Board in its sole and absolute discretion resolves that such Grantee ceases to be qualified as a Participant by reason of termination of its business relations with the relevant member of our Group or by reason of its failure to comply with the provisions of the relevant contracts or agreements and/or its breaches of its fiduciary duties under common law or otherwise on other grounds as our Board considers appropriate;

(vi) the date on which the Grantee commits a breach of paragraph 9 above;

(vii) if an option is granted subject to certain conditions, restrictions or limitations, the date on which our Board resolves that the Grantee has failed to satisfy or comply with such conditions, restrictions or limitations; and

(viii) the occurrence of such event or expiry of such period as may have been specifically provided for in the Offer Letter, if any.

13. Amendment of our Share Option Scheme

The specific provisions of our Share Option Scheme which relate to the matters set out in Rule 23.03 of the GEM Listing Rules cannot be altered to the advantage of Participants, and changes to the authority of our Board in relation to any alteration of the terms of our Share Option Scheme shall not be made, in either case, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of our Share Option Scheme which are of material nature, or any change to the terms of options granted, must also, to be effective, be approved by our Shareholders in general meeting, except where alterations take effect automatically under the existing terms of our Share Option Scheme. Our Share Option Scheme so altered must comply with Chapter 23 of the GEM Listing Rules.

14. Termination

Our Company may at any time terminate the operation of our Share Option Scheme by resolution of our Board or resolution of our Shareholders in general meeting and in such event no further options will be offered but the provisions of our Share Option Scheme shall remain in force in all other respects to the extent necessary to give effect to the exercise of the options (to the extent not already exercised) granted prior to the termination or otherwise or may be required in accordance with the provisions of our Share Option Scheme. All options granted prior to the termination and yet to be exercised shall continue to be valid and exercisable in accordance with the terms of our Share Option Scheme.

As of the Latest Practicable Date, no option had been granted by our Company under our Share Option Scheme.

E. OTHER INFORMATION

1. Estate duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 in Hong Kong, pursuant to which estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after that date. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of Shares whose death occur on or after 11 February 2006.

2. Stamp duty

Dealings in the Shares will be subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty is 0.1% on the higher of the consideration for or the market value of the Shares and it is charged on the purchaser on every purchase and on the seller on every sale of the Shares. In other words, a total stamp duty of 0.2% is currently payable on a typical sale and purchase transaction involving the Shares. In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of shares.

3. Tax and other indemnities

Each of our Controlling Shareholders (collectively, the "**Indemnifiers**") has entered into the Deed of Indemnity (being the material contract referred to in "B. Further information about our business — 1. Summary of material contracts — (c) the Deed of Indemnity" in this Appendix) with and in favour of our Company (for itself and as trustee for its subsidiaries) to provide indemnities on a joint and several basis in respect of, among other matters:

(a) any tax (which includes estate duty) liabilities in whatever part of the world which might be payable by any member of our Group in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received, or of any transactions entered into, or the occurrence of any matters or things on or up to the date on which the Share Offer becomes unconditional (the "**Effective Date**"), save for any taxation the extent that:

(i) full provision has been made for such taxation in the audited accounts of our Group for the two years ended 31 March 2017 and the seven months ended 31 October 2017 (the "**Accounts**") as set out in Appendix I to the prospectus and to the extent that such taxation is incurred or accrued since 1 November 2017 which arises in the ordinary course of business of our Group as described in the section headed "Business" in the prospectus;

(ii) falling on any member of our Group on or after 31 October 2017, unless the liability for such taxation would not have arisen but for any act or omission of, or delay by, or transactions voluntarily effected by any member of our Group (whether alone or in conjunction with some other act, omission, delay or transaction, whenever occurring) other than in the ordinary course of its business or in the ordinary course of acquiring or disposing of capital assets or pursuant to a legally binding commitment created before 1 November 2017 or pursuant to any statement of intention made in this prospectus;

(iii) such taxation claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Inland Revenue Department of Hong Kong or any other relevant authority (whether in Hong Kong, the Cayman Islands, or any other part of the world) coming into force after the Effective Date or to the extent such taxation claim arises or is increased by an increase in rates of taxation after the Effective Date with retrospective effect;

(iv) any provisions or reserve made for taxation in the Accounts which is finally established to be an over-provision or an excessive reserve in which case the Indemnifiers' liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied pursuant to the deed of indemnity to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter; and

(b) any fines, penalties, administrative or other charges, levies, payments, orders, eviction or restraint from use of any property owned or leased by any member of our Group which may be imposed on any member of our Group in relation to events occurred on or before the Effective Date, or any damages, losses, liabilities, claims, expenses and costs (including all costs for relocation of any member of our Group and its assets from any property owned, leased, occupied or used by any member of our Group in case of it being subject to any eviction or restraint from use of such property), or damages, liabilities, claims, losses (including loss of profits or benefits) incurred or suffered by any member of our Group directly or indirectly arising from or in connection with any possible or alleged violation or non-compliance with the applicable laws, rules or regulations of Hong Kong on all matters on or before the Effective Date and in connection with any property owned, leased, occupied or used by any member of our Group before the Effective Date;

(c) any depletion in or reduction in value of its assets or any loss (including all legal costs and suspension of operation), cost, expenses, damages or other liabilities which any member of our Group may incur or suffer arising from or in connection with the implementation of the Reorganisation;

(d) any claims, demands, costs, expenses, fines, actions or liabilities which may arise from or in connection with the potential breach of contracts as more particularly disclosed in the section headed "Business — Procurement and Suppliers — We may be in breach of contracts with certain customers for subcontracting" in this prospectus; and

(e) any claims, demands, costs, expenses, fines, actions or liabilities which may arise from or in connection with our non-compliance incidents (as more particularly disclosed in the section headed "Business – Regulatory Compliance" in this prospectus).

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of its subsidiaries in the Cayman Islands.

4. Litigation

Save as disclosed in this prospectus, as at the Latest Practicable Date, no member of our Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened against any member of our Group.

5. Agency fees or commissions received

The Underwriters will receive a commission of 5% of the aggregate Offer Price in respect of all the Offer Shares, out of which they will pay any sub-underwriting commissions and selling concessions. The Sole Sponsor will also receive a sponsor's fees relating to the Share Offer of HK$6.2 million. Such commissions, selling concessions, fees and expenses, together with the Stock Exchange listing fees, legal and other professional fees, and printing and other expenses relating to the Share Offer, which are estimated to amount in aggregate to approximately HK$25.0 million based on the Offer Price of HK$0.60 per Share, will be payable by our Company.

The Sole Sponsor has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules.

6. Application for listing of Shares

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme, being up to 10% of the Shares in issue on the Listing Date, on the Stock Exchange. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

7. Compliance adviser

In accordance with the requirements of the GEM Listing Rules, our Company has appointed VBG Capital Limited as our compliance adviser to provide consultancy services to our Company to ensure compliance with the GEM Listing Rules for a period commencing on the Listing Date and ending on the date on which our Company complies with the GEM Listing Rules in respect of our financial results for the second full financial year commencing after the Listing Date.

8. Preliminary expenses

Our estimated preliminary expenses in relation to the incorporation of our Company are approximately US$4,550 and were paid by our Company.

9. Promoter

The Company has no promoter for the purpose of the GEM Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Share Offer and the related transactions described in this prospectus.

10. Qualifications of experts

The qualifications of the experts (as defined under the GEM Listing Rules and the Companies Ordinance) who have given their opinions or advice in this prospectus are as follows:

Name	Qualifications
VBG Capital Limited	A licensed corporation to conduct type 1 (dealing in securities), and type 6 (advising on corporate finance) regulated activities under the SFO
Mazars CPA Limited	Certified public accountants
Appleby	Legal advisers as to the Cayman Islands law
Mr. Alan Kwong	Barrister-at-law of Hong Kong
Mr. Chan Chung	Barrister-at-law of Hong Kong
AP Appraisal Limited	Professional surveyor
Frost & Sullivan International Limited	Industry consultant

11. Consents of experts

Each of VBG Capital Limited, Mazars CPA Limited, Appleby, Mr. Alan Kwong, Mr. Chan Chung, AP Appraisal Limited and Frost & Sullivan International Limited has given and has not withdrawn its/his respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or opinion and/or the references to their names included herein in the form and context in which they are respectively included.

None of the experts named above has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

12. Binding effect

This prospectus shall have the effect, if an application is made in pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

13. Miscellaneous

(a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no founders or management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;

(iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and

(v) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries.

(b) Our Directors confirm that:

(i) there has been no material adverse change in the financial or trading position or prospects of our Group since 31 October 2017 (being the date to which the latest audited combined financial statements of our Group were prepared);

(ii) there is no arrangement under which future dividends are waived or agreed to be waived; and

(iii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 24 months preceding the date of this prospectus.

(c) The principal register of members of our Company will be maintained in the Cayman Islands by Estera Trust (Cayman) Limited and a Hong Kong register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Hong Kong Share Registrar and may not be lodged in the Cayman Islands.

(d) All necessary arrangements have been made to enable our Shares to be admitted into CCASS for clearing and settlement.

(e) No company within our Group is presently listed on any stock exchange or traded on any trading system.

(f) None of the equity and debt securities of our Group is listed or dealt with on any other stock exchange nor is any listing or submission to deal being or proposed to be sought.

(g) There is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong.

(h) Save as disclosed in this prospectus, our Company has no outstanding convertible debt securities or debentures.

14. Bilingual prospectus

The English and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption from Companies and Prospectuses from Compliance Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

In case of any discrepancies between the English language version and the Chinese language version, the English language version shall prevail.

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were, amongst other documents, copies of the WHITE, YELLOW and GREEN Application Forms, the written consents referred to in the section headed "E. Other Information — 11. Consents of experts" in Appendix IV to this prospectus, and copies of the material contracts referred to in the section headed "B. Further information about our Business — 1. Summary of material contracts" in Appendix IV to this prospectus.

B. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Vivien Teu & Co LLP in association with Llinks Law Offices at 27/F, Henley Building, 5 Queen's Road Central, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the memorandum of association of our Company and the Articles;

(b) the accountants' report of our Company prepared by Mazars CPA Limited, the text of which is set out in Appendix I to this prospectus;

(c) the report on unaudited pro forma financial information issued by Mazars CPA Limited, the text of which is set out in Appendix IIA to this prospectus;

(d) the letters relating to the loss estimate prepared by Mazars CPA Limited and the Sole Sponsor, the text of which are set out in Appendix IIB to this prospectus;

(e) the audited combined financial statements of our Group during the Track Record Period;

(f) the letter prepared by Appleby summarising certain aspects of the Companies Law as referred to in Appendix III to this prospectus;

(g) the legal opinion issued by Mr. Alan Kwong, our legal counsel as to personal injury matters and as to non-compliance with the Factories and Industrial Undertakings Ordinance (Cap.59 of the Laws of Hong Kong);

(h) the legal opinion issued by Mr. Chan Chung, our legal counsel as to subcontracting matters;

(i) the Companies Law;

(j) the service contracts and letters of appointment with each of our Directors referred to in the section headed "C. Further Information about our Directors and Substantial shareholders — 2. Arrangement with our Directors — (b) Service contracts of our Directors" in Appendix IV to this prospectus;

(k) the rules of the Share Option Scheme referred to in the section headed "D. Share Option Scheme" in Appendix IV to this prospectus;

(l) the letter relating to rental of the properties leased from connected persons to our Group prepared by AP Appraisal Limited;

(m) the F&S Report;

(n) the material contracts referred to in the section headed "B. Further Information about our Business — 1. Summary of material contracts" in Appendix IV to this prospectus; and

(o) the written consents referred to in the section headed "E. Other Information — 11. Consents of experts" in Appendix IV to this prospectus.

Elegance Commercial and Financial Printing Group Limited

精雅商業財經印刷集團有限公司